*The China Weekly*

# REVIEW

# 密勒氏評論報

A Weekly Newspaper Established in 1917

## IN THIS ISSUE

Japan Moves Further Toward Manchurian Annexation as League Falters

Serious Charges Regarding Local Jail Conditions

Chinese Political Turmoil as Viewed by the Japanese Militarists

Another Opportunity to Study Chinese Language

World-Encircling Diplomatic Battle Between Great Britain and Soviets Shifts to China

Japanese to Control Foreign Exchange---Probably Foreign Trade Also

Japanese Claim Americans Help Nanking Army---Chinese Deny

C. E. C. Plenary Session Discusses Policy vis-a-vis Japan

Principals in China Merchants' Loan Indicted

Oriental Monroe Doctrine Is Japanese Dream *(By the Review's Tokyo Correspondent)*

The Third Plenary Session of the C.E.R.---Its Mission and Problems . . . . . By C. Y. W. Meng

Sino-American Cooperation . . . . . By Dr. H. H. Kung

Ill Effects of the Present Rice Situation . . . By Paul K. Whang

Production and Trade in China During the First Half of 1932 . . . . . By P. Y. Ho

SATURDAY, DECEMBER 24, 1932 VOLUME 63, NUMBER 4

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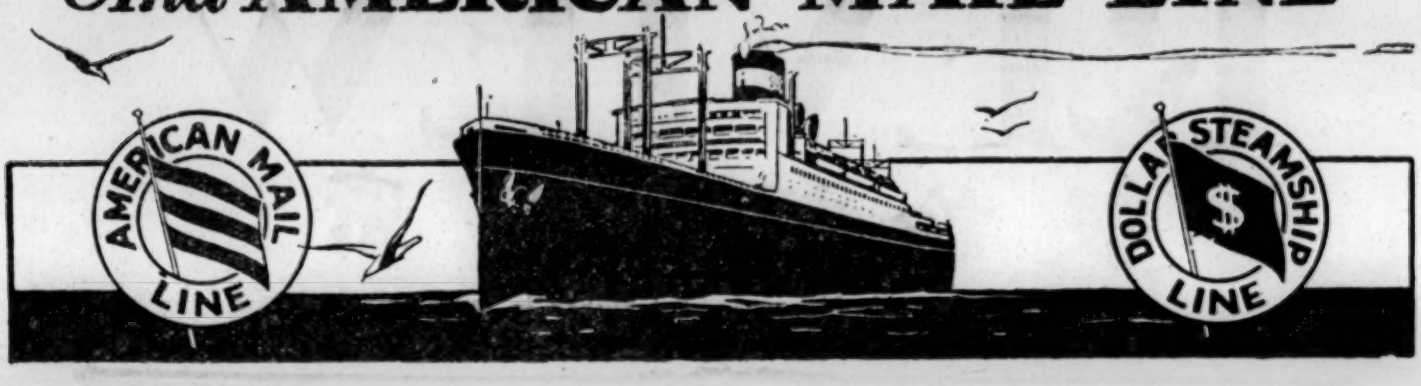
## *And* AMERICAN MAIL LINE

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# 密勒氏評論報

# The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

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## Contents


Editorial Paragraphs

Serious Charges Regarding Local Jail Conditions .... 151
Another Opportunity to Study Chinese Language .... 152
Japanese Claim Americans Help Nanking Army—Chinese Deny .... 152
World-Encircling Diplomatic Battle Between Great Britain and Soviets Shifts to China .... 153
Japan to Control Foreign Exchange—Probably Foreign Trade Also .... 155
Japan Moves Further Toward Manchurian Annexation as League Falters .... 157
C.E.C. Plenary Session Discusses Policy vis-a-vis Japan 160
Chinese Political Turmoil as Viewed by the Japanese Militarists .... 162

Special Articles

The Third Plenary Session of the C.E.C.—Its Mission and Problems .... By C. Y. W. Meng 163
Production and Trade in China During the First Half of 1932 .... By P. Y. Ho 168
Oriental Monroe Doctrine Is Japanese Dream .... 172
Ill Effects of the Present Rice Situation .... By Paul K. Whang 176
Rehabilitating Central China Districts Recovered from "Reds" .... 178
Principals in China Merchants' Loan Indicted .... 182
Sino-American Cooperation .... By Dr. H. H. Kung 190
Men and Events .... 184
Who's Who in China .... 186
New Book of Interest in the Far East .... 186



CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS" COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES

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WASHINGTON OFFICE
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Colorado Building, Washington, D. C.


**The China Weekly Review wishes its readers, staff members, employes and friends in China and abroad a Merry Christmas and Happy New Year**

## SERIOUS CHARGES REGARDING LOCAL JAIL CONDITIONS

TWENTY-SEVEN foreigners, including Russians, Roumanians, Serbians, Lithuanians and Poles, have affixed their signatures to a document of six pages which alleges the existence of serious conditions in the so-called Amoy Road jail, located within the International Settlement and administered by the Municipal Council. In addition to the copy received by *The Review*, other copies also have been sent to E. S. Cunningham, chairman of the Shanghai Consular Body; the secretary of the International Red Cross at Geneva; Shanghai Lawyers' Association, and to Dr. Lo Wen-kan, Minister of Justice and concurrently Minister of Foreign Affairs at Nanking. The document is too long for publication in these columns, but briefly it charges,

1—Prisoners in the Amoy Road jail are beaten by officers and petty officers.

2—Prisoners are not only beaten with the hands, but with wooden sticks, causing broken bones and other injuries to bodies of prisoners; such punishment not being included in the old British jail regulations.

3—There is an applicable system in the Amoy Road jail, namely torture, which sometimes results in the death of prisoners.

Following this statement there is a description of the alleged methods of torture, seven in number, under the headings, "leather muff," "suspension," "iron foot-block," "mad-shirt," "hunger system," "punishment cell," and "beating." There then follows six alleged cases wherein it is claimed prisoners have died following ill-treatment in the jail. Several paragraphs are devoted to a description of poor food served to the prisoners, the allegation in this case being that someone earns an illicit income by purchas-

ing inferior products. The allegation also is made that prisoners of the Jewish and Mohammedan faith receive particularly bad treatment by the jailers and other officials. Regarding the matter of complaints, the serious charge is made that if a prisoner does complain, he immediately is subjected to severe treatment and possibly torture.

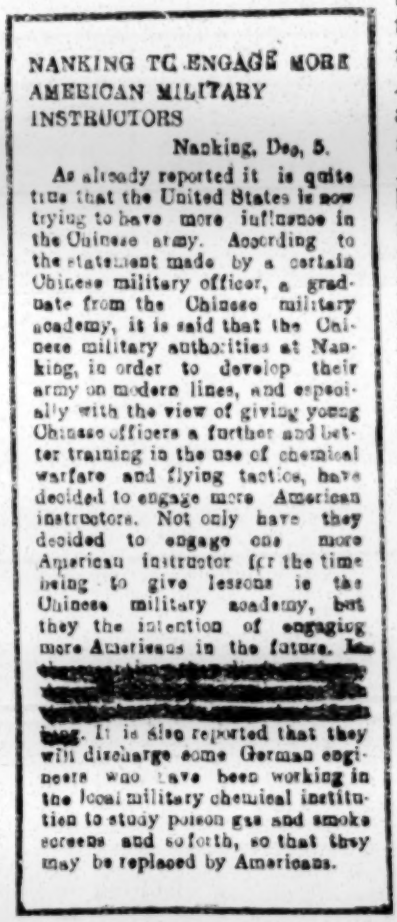
Whether these allegations are correct, *The Review* has no means of determining, but readers of this paper will doubtless remember previous references to the subject which have appeared in these columns. In one case where a prisoner died in the hospital announcedly of pneumonia it later was brought out that tear-gas bombs had been thrown in his cell, which was the real cause of his death, the police alleging the man had attempted to escape and had thrown bricks at the guards. Coming at this time when the question of the Shanghai District Court is an acute source of controversy, there is undoubted significance in the foregoing allegations. Obviously the whole question of jails in Shanghai should be investigated by an impartial Sino-foreign joint commission.

## ANOTHER OPPORTUNITY TO STUDY CHINESE LANGUAGE

THE issues of *The Review* in 1931 contained a series of fifty lessons in the Chinese language which aroused considerable attention throughout the Far East and abroad and as a result numerous requests were received for additional copies. As a direct result of these inquiries, Prof. W. A. Scharffenberg, the author of the course of lessons which appeared in *The Review* has prepared a new set of lessons suitable for home study. A more complete announcement of the new course appears elsewhere in this issue, but briefly it has been arranged in five units of ten lessons each, each set requiring approximately 100-hours of study to complete. The first few pages of each lesson are devoted to helpful instructions on general principles of language study and related subjects. These pages are followed by five pages of vocabulary lists, conveniently arranged, with the terms, words or expressions as represented by the characters, explained in English and phonetics. Each lesson introduces the student to fifty new Chinese characters or terms, following which there is an analytical study of the five new characters which appeared in the preceding reading lesson. The first unit of the course is now published and is ready for distribution while units, II, III, IV and V will follow shortly. The course is designed primarily for the beginner and particularly for those who do not have a teacher or organized class available. Prof. Scharffenberg, the author of the Chinese language course has had many years' experience in this work and according to report probably has directed more students in the study of the Chinese language than any other foreign teacher. At present he is directing courses under the auspices of the Shanghai Power Company, Foreign Y.M.C.A., and numerous other institution.

## JAPANESE CLAIM AMERICANS HELP NANKING ARMY---CHINESE DENY

THE anti-American propaganda of the Japanese military authorities which has been prevalent in Japan for many months, apparently has been extended to China. There is reproduced herewith a clipping from the *Japanese Information Service*, published by the Japanese army headquarters in Tientsin, which alleges "it is quite true that the United States is now trying to have more influence in the Chinese army." Following this there is a reference to the American aviators employed by the China National Aviation Institute at Hangchow and a suggestion that Americans also are being employed by the Nanking Govment for the manufacture of chemical gas for use in warfare. The report appeared in the news-release sheet issued by the Japanese military headquarters on Dec. 6.



NANKING TO ENGAGE MORE AMERICAN MILITARY INSTRUCTORS

Nanking, Dec. 5.

As already reported it is quite true that the United States is now trying to have more influence in the Chinese army. According to the statement made by a certain Chinese military officer, a graduate from the Chinese military academy, it is said that the Chinese military authorities at Nanking, in order to develop their army on modern lines, and especially with the view of giving young Chinese officers a further and better training in the use of chemical warfare and flying tactics, have decided to engage more American instructors. Not only have they decided to engage one more American instructor for the time being to give lessons in the Chinese military academy, but they the intention of engaging more Americans in the future. In [redacted] ing. It is also reported that they will discharge some German engineers who have been working in the local military chemical institution to study poison gas and smoke screens and so forth, so that they may be replaced by Americans.

Reproduction of a clipping from Japanese military information bureau in Tientsin which alleges Americans are employed in making of poison gas for Chinese Army.

Upon receipt of the report, *The Review* referred it to its correspondent in Nanking who immediately brought it to the attention of high military officials. The officer in charge of the Ministry of War at Nanking immediately declared he had heard nothing about the Japanese allegation, which he claimed was entirely false. The commander of the so-called chemical department of the Nanking arsenal also denied the report in a written statement to the following effect, "The Japanese reports are entirely false. So far as I know no American military advisers or instructors have ever been employed by the Chinese Army, and furthermore, there is no intention of adopting the American military system in China. I wish to inform you further the Nanking Arsenal has never engaged any Americans or other foreign engineers and does not contemplate any such engagements in the future. The report that our organization is studying the manufacture of poison gas is also entirely groundless." A further inquiry made at the headquarters of the 87th Division of the 5th Route Army, now stationed in the National Capital, brought forth the information that this branch of the Chinese military service now employs five foreign advisers, but all are of German nationality. No Americans

are employed and the addition or substitution of Americans is not contemplated. The German military trainers, formerly officers in the Imperial German Army, were brought to China four or five years ago and have been used as trainers for the Chinese National Army.

In our issue of Dec. 10 there appeared a reference to propaganda distributed in Japan by the Tokyo military authorities alleging that Americans are being employed in teaching military aviation to Chinese youths at Hangchow where the China National Aviation Institute is located. The press bulletin issued by the Japanese military headquarters at Tientsin on December 13 contained a further reference to this subject alleging that a recent conference between Marshal Chang Hsueh-liang, Gen. Ho Ying-chin and T. V. Soong had resulted in a decision "that more airplanes should be added to the Chinese aviation corps, the Chinese officials maintaining that in case of emergency, Japan would try to occupy various important centers along the Yangtsze, hence the various forts in the area should be equipped with adequate flying forces stationed in the vicinity."

The bulletin issued by the Japanese military headquarters at Tientsin on Dec. 16 contained a still further reference to alleged American military aviation activities in China, the charge being made that Americans were contemplating the construction of three airdromes in China, one at Haichow on the north Kiangsu coast and others in the Yangtsze Valley. The Japanese bulletin alleged that "owing to a Japanese protest, the one at Haichow was abandoned, but a new site has been selected near Hangchow which is the center of the Chinese Aviation Corps....Wenchow on the border of Chekiang province also is mentioned as a likely base."

# World-Encircling Diplomatic Battle Between Great Britain and Soviets Shifts to China

CHINA'S resumption of diplomatic relations with Russia and the expected early appearance in the National Capital and various Chinese cities of diplomatic and consular officials of the Soviets, serves again to call attention to the world-wide and apparently never-ending diplomatic battle between Britain and Russia. In a sense, China's resumption of relations with Moscow constitutes a British diplomatic reverse in the Far East just as Persia's recent abrogation of Anglo-Persian Oil Company's concession was interpreted as a reverse for British diplomacy in the Near East. There was undoubted significance in the fact that China's sudden decision to "return to Russia" was made at Geneva shortly following an address by Sir John Simon before the Assembly which had the effect of side-tracking a definite move on the part of the smaller nations to take concrete action on the Manchurian issue. The British foreign secretary, for reasons known only to himself but probably due to trade and disarmament relations with Japan, did not wish to face a crisis with the Far Eastern Island Empire; hence he skillfully side-tracked the issue. As a direct result, China's case at Geneva has become involved in a maze of legalities and technicalities which apparently are without end, but which undoubtedly play into the hands of the Japanese imperialists. China therefore turns again to Russia and anyone who may have doubts regarding the reason, may find enlightenment in the editorial comment which has appeared in the Chinese newspapers since Sir John Simon's memorable address.

What is likely to result from this development cannot be forecasted at this time but it is well to remember that British Tory opposition to the Chinese nationalist revolution in 1926-1927 contributed partially at least to the downfall of the Conservatives and the ushering in of a Labor administration in England which was friendly to both the Chinese national revolutionsts and the Soviets. Now we find a Tory administration again in control in England and again a revival of the old friendship with Japan which was exemplified for many years in the Anglo-Japanese Alliance, abrogated at the Washington Conference in 1921-1922 and replaced by the Nine-Power Treaty and other compacts which guaranteed the territorial, political and administrative integrity of the Chinese Republic. China's decision to resume relations with the red Russians had the immediate effect of setting in motion the somewhat rusty wheels of British intelligence services throughout the Far East for it is in this manner that the British collect the information against Russia upon which their diplomacy and nationalistic propaganda are based. Soon the world will be told again about the iniquities of Russian activities in the Far East and much of the information probably will be true for the Russians likewise are not asleep and are overlooking no opportunities for harassing the British lion in his Far Eastern haunts. Maxim Litvinoff, Soviet commissary for foreign affairs fired the first gun at Geneva on Dec. 13 when he called attention to the point (sore-point with the British Tories) that it was Russia, which alone among the nations "released China from the unequal treaties, exterritoriality and all the other rights and privileges wrested from her by Tzarist imperialism." It was an interesting coincidence that Litvinoff should have made this statement in Geneva almost at the time when Tory members of the British House of Commons were demanding a return of the old and notoriously corrupt Mixed Court at Shanghai and according to reports in the Chinese newspapers Great Britain was delaying remission of certain Boxer indemnity payments as a means of compelling the Chinese to pay some of their defaulted railway debts. That the resumption of relations between China and the Soviets ushers in another and interesting era in the relations of Britain and Russia in the Far East goes without saying.

Turning to the Near East, or more specifically, to Persia we find a similiar stuggle in progress with present advantages on the side of the Soviets if one would believe a recent article by George Dean which appeared in Al Smith's *New Outlook* (N. Y.). George Dean is the secretary of an Ameri-

can missionary college in Teheran, hence is in a position to view the Anglo-Russian struggle in that country. In his opening paragraph, Mr. Dean stated, "For nearly a century and a half two major threats of aggression have been the predominant factors in the social, political and economic existence of the Persian state; the threat from the North of Tzarist imperialism. which has found its complement and continuation in the policies of Soviet Russia, and the threat

This cartoon by a Russian artist, G. Sapojnikoff, referring to China's resumption of relations with the Soviets, appeared in the local British organ, *North-China Daily News* on Dec. 15.

from the West: England. And in the hitherto nicely balanced state of rivalry achieved by these two nations in their endeavors to bring the ancient empire of Darius within respective spheres of influence can be seen the source and origin of many of the national characteristics of Persia as it is today. During the past decade, British diplomacy, pitted against its ancient rivals in the East, has reached what is, perhaps, its fullest flower. Its present struggle with the entirely new type of diplomacy is one of the most dramatic battles ever waged for an imperialistic supremacy in modern times." Then after discussing the fall of Russian Tzarist imperialism and the coming in of the Communists who immediately renounced all of Russia's old rights and concessions (except the Caspian fisheries), Mr. Dean declared, "Even more astounding is the fact that, in spite of their novel approach to questions of policy, the Russians appear, in a number of recent engagements, to have gained the upper hand over world-renowned diplomatic representatives of His Britannic Majesty. Certain it is that Sir Robert Clive, the former British Minister to Teheran and a notable diplomat, tried for many months to effect a satisfactory commercial agreement with the Persian government, failed and went home. Less than a month after Sir Robert's departure A. M. Petrovsky, Soviet Ambassador, accomplished the seemingly impossible and put over a treaty so grossly partial to Russian commerce with Persia that it aroused the immediate but vain protests of a number of foreign nations."

The new treaty between Russia and Persia, which was ratified in Moscow on June 24 of this year, practically closes the Persian market to non-Russians in a number of important lines, including sugar, matches and certain petroleum products. Other items include cement, of which Russia obtains 72 percent of the total allowance, porcelain and crockery 76 percent, wrought metal 65 percent, paper 66 percent, alcohol 60 percent. The most significant item in the list is that which provides that 63 percent of all machinery, motor spare parts, and electrical apparatus of all kinds imported into Persia must come from Russia, a nation which heretofore has not been regarded as an industrial state similar to England, Germany or the United States. The Persians were able to make this deal with Russia through the creation of so-called state monopolies which control Persian trade.

However, the Russians have not had everything their own way in Persia for recently the Persian authorities closed all foreign schools in the country as a means of driving out communist propaganda and extreme action is being taken to prevent the spreading of communist ideals and teachings. Mr. Dean concluded his article by stating that the possibility of extending communism, in Persia, 'if it exists at all, is extremely remote, but it is equally obvious that, due to the partiality which Reza Shah and his Minister of Court and Grand Vizier, Trimoor Tash, are showing for the Soviets, the star of British prestige is fast waning in Teheran. The rapidity with which events are now moving in the East will, in any event, call for a showdown in the very near future between these two powers, and from all signs and portents, while Russia will, in all probability discover in Persia a country notably unwilling to become her satellite in economic and social ideals, it will not be Mr. Petrovsky and his associates who will receive the short end of the deal at Teheran."

The latest chapter in the Anglo-Soviet diplomatic combat in Persia was the Persian action in cancelling the British Anglo-Persian, or D'Arcy oil concession, the controlling interest in which is owned by the British Government. It is from this concession that the British fleet for many years has obtained its chief supplies of oil. The Persian Government has referred the issue to the League, but while the Soviet Government has claimed it had nothing whatever to do with the Persian Government's action, the British apparently feel that Soviet advice and influence is lurking in the background. On Dec. 16 the official Soviet *Tass* news agency circulated in the Far East a long statement giving the history of the D'Arcy oil concession and generally supporting the Persian government's action in cancelling the contract. On Dec. 14 a *Reuter* report from

Teheran stated the Persian government had refused to recognize the competency of the Permanent Court of International Justice at the Hague to examine the Anglo-Persian oil dispute.

It is only necessary to refer back to the files of the Shanghai newspapers in the hectic days of 1926-1927 to understand the bitterness of the Anglo-Soviet controversy which prevailed in the Far East at that time. Undoubtedly British propaganda, plus British diplomatic pressure had considerable to do in causing China to break off relations with the Soviets and expel Soviet advisers who had been actively identified with the Chinese nationalist advance northward from Canton and also in the propagation of communism in central China. China undoubtedly would not have taken such bold action without strong support from the outside. Now, after a lapse of five years of more or less intimate relations with Britain and with the League where British (and French) influence is predominant, China turns again to the Soviets. H. G. W. Woodhead, British columnist employed on the local *Shanghai Evening Post*, expressed British sentiments toward the Soviets quite accurately when he referred (Dec. 14) to Litvinoff's Geneva statement under the subheading, "Hypocrisy Mendacity." He then reviewed Soviet-inspired communist activities in China in 1926-1927, leading to the breaking off of relations and concluded with some paragraphs of advice to the Chinese based on British experiences with Soviet promises—and performances—and declared, "Great Britain's experiences illustrate the difficulty of maintaining really friendly relations with Soviet Russia....it is to be hoped that China's experience, in the future, will be more satisfactory....The activities of Soviet agents in this country are potentially far more dangerous than those of Moscow's hirelings in Great Britain or even in India. And the National Government cannot afford to view them with tolerance, or indifference."

Also, of interest in this connection is a new book by J. O. P. Bland, former secretary of the British-controlled Shanghai Municipal Council, who, according to popular report is still on the Council's payroll as London propagandist. The book, which is entitled, "China—The Pity of It," contains more than a dozen references to the so-called "red-peril in China" and constitutes an indictment of what he terms "Washington policy since 1922," and the necessity for "making a new start in the Orient."

While it is impossible to forecast future developments in the forthcoming conflict of Britain and the Soviets in China, one element seems to be apparent: In Soviet activities in China from 1924 to 1927 the outstanding element was political, the Soviets constantly striving for political advantages over their European rivals. Now, in view of Russia's rapid development as an industrial nation, the likelihood is that Russia will pay more attention to trade than to politics. This tendency is already evidenced in the interest which Chinese merchants are showing in the recent re-establishment of diplomatic relations between their country and Russia.

# Japan to Control Foreign Exchange---Probably Foreign Trade Also

RECENT measures of the Japanese government to supervise inter-bank exchange deals have decreased the volume of such transactions very decidedly, and the theory that these inter-bank deals have considerably helped in depressing the value of the yen seems to be borne out by the fact that the value of the yen has of late been held fairly steady at about Gold $0.20. The prominent Japanese newspaper *Jiji* recently quoted experts to the effect that with inter-bank deals cut down, the rate should not swing much in either direction. It believes that actual foreign trade will now control the rate.

A Bill to provide for control of the exchange business will be introduced by the Government before the coming session of the Diet. Control of exchange may ultimately result in control of foreign trade.

The proposed measures are believed to be not merely for the control of foreign exchange, but include many stipulations that are in effect measures for the control of foreign trade, similar to those prevailing at present in Brazil.

The Tokyo Cabinet on Dec. 12 approved the regulations for the organization of the Foreign Bonds Appraisal Committee, which had been drafted by the Bureau of Legislature on the basis of Article 3 of the Law for the Prevention of Flight of Capital. The committee in question, headed by the Finance Minister, will have the following members: Hideo Kuroda, Vice-Minister of Finance, Yutaro Tomita, Chief Secretary of the Financial Bureau, Shikichi Kawakubo, Chief Secretary of the Commercial Bureau Department of Commerce and Industry, Teiji Ohkubo, chief Secretary of the Bank Bureau, Tsuyoshi Nagashima, Chief Secretary of the Civil Bureau, Department of Justice, and Eigo Fukai, vice-President of the Japan.

Regarding the basis for the revaluation of foreign currency, bonds and debentures in foreign currency, it is believed that either one of the following courses will be adopted: Purchases to be made at the average market price for one year preceding such purchases; or purchases to be made at prices at which owners of such currency or securities bought them; or government purchase price is to be fixed after giving consideration to the owners' purchase prices and market quotations prevailing at time of the Government purchases; or without setting any standard price basis, the committee will fix prices each time when the Government makes purchases.

The Department of Finance, which has been watching the course of the yen and the general situation both in Japan and abroad, is now convinced that it is extremely difficult to meet the crisis merely by the Flight of Capital Prevention Law.

The *Asahi* gathers that the Government plan features a concentration of all exchange transactions in the Bank of Japan. Exports must be

accompanied by certificates that their bills have been sold, while imports will be confined to those for which the Bank of Japan has consented to cover the necessary exchange. As the result of this control, there will naturally be some difference between the Bank of Japan's rate and that created abroad through speculation, but the Japanese Finance authorities intend to see to it that any inflow of funds transacted abroad at the ruling rate there is checked. These restrictive measures will naturally cut very decidedly into the business of the two large American banks which have branches in Japan, namely, the National City and the Chase banks. It is believed therefore, as mentioned above, that the proposed Government control will eventually result in control of foreign trade.

Dr. S. Washio, who has for many years contributed special articles on political and economic subjects to the *Japan Advertiser* had the following to say in this connection on December 8:

> Control of exchange and foreign trade should have come earlier. It should have been attempted when the Hamaguchi Ministry lifted the gold embargo. Having failed then it should have begun when the embargo was re-imposed. When the Hamaguchi Ministry lifted the gold embargo there was a large amount of idle deposits in the Bank of Japan, which had been created by the inflationary relief of 1927. It was a foregone conclusion that those idle deposits would seek conversion into dollars upon the restoration of the par exchange rate and especially if the deflationary policy of the late Mr. Inouye should fail to sustain public faith. But the gold embargo was lifted with no precaution against this obvious danger. In the economic system in which cupidity is the driving force he merely appealed to moral support. Again when the gold embargo was replaced and the way opened for inflation by the extension of the fiduciary issue it was a foregone conclusion that the flight of capital would continue with exchange speculation. The anti-capital export law was enacted but it was clear from the beginning that it left a large loop for subtler operations of exchange bankers and exporters, which will grow worse as idle capital accumulates once more as the result of inflation.

Outstanding debts of the Japanese central Government at the end of November amounted to Yen 6,521,774,000, of which the domestic debts totaled Yen 5,123,477,000 and foreign debts Yen 1,398,297,000, according to the Ministry of Finance. In addition, there were Treasury bills for Yen 240,000,000 and rice notes for Yen 103,685,000.

The total amount reveals a gain of Yen 210,000,000 over the month before and sets an all-time record high. During November 4½ per cent treasury bonds amounted to Yen 200,000,000, raw silk purchase bonds amounted to Yen 8,060,000 and raw silk purchase indemnification bonds involving Yen 2,630,000 were issued. During the remainder of the present fiscal year new bonds involving more than Yen 400,000,000 are expected to be issued. Japan's total debts at the end of March, the closing month of the present fiscal year, will be about Yen 7,000,000,000. Details of the domestic and foreign debts are as follows:

(In 100 yen)

| | |
|---|---|
| Five per cent bonds | 1,812,909 |
| Special 5 per cent | 120,816 |
| Kogo 5 per cent | 396,702 |
| First 4 per cent | 165,007 |
| Second 4 per cent | 94,539 |
| Five per cent treasury | 2,333,501 |
| 4½ per cent treasury | 200,000 |
| Total | 5,123,477 |
| Five per cent bonds | 1,812,909 |
| First 4 per cent sterling £9,355,500) | 91,337 |
| Five per cent sterling (£22,807,640) | 222,670 |
| Four per cent franc (416,195,000 frc.) | 161,067 |
| Third 4 per cent sterling (£10,798,800) | 105,428 |
| 6½ per cent dollar ($129,790,300) | 260,359 |
| Six per cent sterling (£24,008,235) | 234,392 |
| Five per cent sterling (£12,499,900) | 122,036 |
| Five per cent dollar ($71,000,000) | 142,426 |
| S.M.R. sterling (£6,000,000) | 58,478 |
| Total | 1,398,297 |
| Grand total | 6,521,774 |

The leaders of the Minseito met recently to discuss plans for financial and taxation reforms to be submitted by Mr. Nagai, Minseito Minister of Overseas Affairs, to Admiral Saito, the Premier, in compliance with the suggestion made by the Premier at a recent Cabinet Council. After an exchange of views, it was decided that the draft plans drawn up by the party's special committee the other day should be confirmed by the leaders of the party and that part of the plans which refers to financial policy be put into the hands of the Minister of Overseas Affairs so that he can submit it to the Premier with due amendment according to his ideas.

The *Asahi* says that just as the present Cabinet is checkered in composition, so are the views held by the Ministers on financial and taxation reforms widely divergent, and there is little prospect of an agreed and unified financial readjustment plan being worked out by the Government. In compliance with the Premier's suggestion, the Ministers are studying concrete plans for financial and taxation reforms separately, but there are indications that their views are in many cases irreconcilably divergent. Some Ministers regard the present as inopportune for financial readjustment; some urge the necessity of administrative readjustment coincident with financial readjustment; some are opposed to administrative readjustment; while some others give exclusive attention to taxation reforms. One noteworthy fact in this connection is that Mr. Takahashi discountenances immediate reforms in finance and taxation, to say nothing of the increase of taxes. As often noted, the Finance Minister is firmly of opinion that the enormous new Budget is an inevitable result of the present situation and is both temporary and exceptional in character. The two main factors in the expansion of expenditure, namely, the emergency relief expenditure and war expenditure, he argues, will figure no longer after the fiscal year 1924-1925, and in the fiscal year 1925-1926 Yen 250,000,000 is looked for in consequence of business recovery, the total sum to be released in that and subsequent fiscal years will be Yen 850,000,000, so Mr. Takahashi argues.

The Finance Minister's views are diametrically opposite to those held by several other Ministers. Even among officials of the Finance Department, Mr. Takahashi's optimism is not largely shared. As one serious defect in his line of thinking, it is pointed out that the Finance Minister loses sight of the fact that as the "in-

flation boom" becomes general, State expenditure increases in proportion to the increase in State revenue. General Araki, Minister of War differs sharply with the Finance Minister. He is for the immediate carrying out of an increase of taxes. The views of the Seiyukai and Minseito Ministers are naturally at variance in many respects.

The Japanese Postal Savings Deposit Bureau is stated to be greatly alarmed over the sharp fall in postal saving deposits. It may have to dispose of national bonds in its possession to create working funds. Postal savings deposits took a dwindling trend in August on account of the Government announcement for a lower interest rate. Their total dropped Yen 22,800,000 in August, Yen 21,000,000 in September and Yen 62,000,000 in October. The shrinkage in November is estimated at about Yen 40,000,000. The aggregate fall in the last four months will thus be as heavy as Yen 145,800,000. Many loans which the Deposit Bureau has agreed to grant are still in abeyance. There is therefore a reserve of Yen 80,000,000 to Yen 90,000,000 in its hands, but as deposits usually decline in November and December, this reserve may soon be wiped away.

Negotiations of the South Manchuria Railway Company with the Japanese Government over the projected increase of its capital from Yen 440,000,000 to Yen 800,000,000 or Yen 1,000,000,000, are in progress. The S. M. R. is in a position to issue debentures to an extent of Yen 50,000,000,000. It can also obtain short term loans from bankers by means of accommodation bills. The Company is now convinced, however, of the advisability of increasing its capital rather than resort to temporarising measures. This fact is indeed notable. The South Manchuria Railway Company is asking the Government to submit the necessary Bill to the Diet at the coming session, and if impossible, to issue an imperial ordinance. The capital increase will probably take place in July or August next, if Diet approval is not required.

The Japanese Consulate-General at Shanghai has completed the investigation into the extent of the losses suffered by Japanese residents in the Shanghai affair. The number of cases is 530; the losses involved total Yen 7,500,000. For the relief of the sufferers, the Japanese Consulate-General has applied to the Tokyo Foreign Office for the grant of a relief fund, besides 35,000 kwan of gold and silver bullion accumulated by the Finance Department some time ago for the relief of Japanese victims. The Foreign Office is now negotiating with the Finance Department about the matter. Because of the present financial straits, the Finance Department seems to find it difficult to accept the application.

# Japan Moves Further Toward Manchurian Annexation as League Falters

THE most important development in the Manchurian issue, indicating a further significant step in the direction of annexation or the creation of a Japanese protectorate in Manchuria, was outlined in a dispatch by the *United Press* from Tokyo which was published in Shanghai on Dec. 20. The dispatch dealt with the proposed commercial treaty which Japan and Manchukuo are scheduled to sign soon after the new year, but which was officially presented to Henry Pu-Yi at Changchun on Dec. 23 when Gen. Nobuyoshi Muto, commander-in-chief of the Imperial Japanese Army presented his credentials as "Ambassador" to Manchukuo. The Tokyo report stated that the draft of the new commercial treaty was being examined by the Japanese war office, but it was not expected that any material changes would be made. The essential provisions of the new treaty are as follows:

1—That the commercial treaty is based upon the mutual rights enjoyed by Manchukuo and Japan under the protocol signed on September 15 last.

2—Japan will cancel her consular jurisdiction in five years, but Manchukuo must invite Japanese legal experts to help revise the judicial system and make it acceptable to Japan.

3—The policies of the Open Door and equal rights to all nations will be upheld but this policy shall not prevent the signing of reciprocal agreements covering certain goods to be traded by the contracting parties.

4—Manchukuo shall recognize all Japanese leases in Manchuria including those signed in 1915 (Twenty-One Demands).

5—Japanese nationals shall have the right of residence, travel and conducting business in Manchukuo and nationals of Manchukuo shall have the same privileges in the Japanese Empire.

That this treaty will prove the death-knell of Manchuria as an integral part of China or even as an independent state goes without saying, for the Protocol signed on Sept. 15 last between Manchukuo and Japan, provided among other things for the surrender by Manchukuo to Japan of all rights of military protection, meaning that Japan has the right to station her own troops anywhere within the boundaries of the country. Just where those boundaries are located never has been determined but Gen. Araki, Japanese minister of war in a recent interview with the *Associated Press* correspondent in Tokyo stated that he considered the Great Wall of China as the southern boundary. This means that Japan ultimately plans to include Jehol, Chahar, Suiyuan and most of Inner Mongolia within her new continental empire. Of further interest in connection with the plans of the Japanese military authorities was a recent dispatch from *The Review's* correspondent at Harbin stating that various Chinese organizations throughout Manchuria had been ordered to send representatives to a conference called by Gen. Muto for the purpose of "determining the future type of government in Manchukuo—monarchical or republican." This move as well as the recent report that Japan will require the

teaching of the Japanese language in all Manchurian schools and the elimination of all references to Chinese history or geography from the text-books, indicates the unmistakable tendency of the Japanese military authorities to take over and amalgamate China's northeastern provinces within the Imperial Japanese Empire.

That Gen. Araki, minister of war, is preparing the minds of the Japanese people for the annexation of Manchuria is indicated in some of his recent declarations, translations of which have appeared in the English-language newspapers in Japan. Writing in the *Chuo Koron*, or army magazine (translation from *Japan Advertiser* Dec. 2), the Tokyo war minister declared, "The present development is merely a period in the long history of Far Eastern affairs. The relations of Manchuria and Japan have long been inseparable and in the mind of the Japanese, the recent development has been merely a new opportunity which the Japanese ought to have interpreted and acted upon as sent from Heaven.... Since the Meiji era many sacrifices have been made by the Japanese for the furtherance of their national policy. It is nothing strange that today the Japanese find themselves more than ever entangled in the affairs of Manchuria; all this may be said to have been ordained in the natural course of events in the Far East. We see in the present development the dispensation of Heaven. In an effort to achieve the mutual well-being and happiness of the people of Manchuria and Japan, we are ready to make what sacrifices may be required of us. Without such determination, the fresh developments in the relations between the people of Manchuria and Japan would have proved of no particular significance; it would simply have meant another history of a people's development ....The Japanese may expect dangerous international complications and may even be threatened with hostilities, but they need not fear so long as they are fully aware that they are merely fulfilling the part which they were ordained to play in the Far East....When once we are launched on our way, with sincerity burning in our hearts and consuming zeal for the realization of our ideals, there can be no obstruction that cannot be surmounted in our progress toward our ultimate goal, which is the peace of the world. In the readjustment of the relations between Manchuria and Japan, we should act with sincerity and zeal, but it is patience which enables us to achieve what we have started out to do...."

Writing further in the same magazine (translation also from *Japan Advertiser*, Dec. 3) Gen. Araki declared, "The Japanese nation in a body has made up its mind as to Manchuria and the League of Nations. The one and only one path having been marked out very clearly for us to follow, we have nothing to fear now. Within the country the whole population is united and all are ready to follow the leadership of the Government. This is as it should be, for if there were disunity of opinion within the country, strangers would see through us at a glance and take advantage of it, to force their way upon us. That is what we fear most. So long as the Japanese nation is united, and goes along hand in hand, the future of the nation is as boundless as the ocean....In order to overcome the difficulties lying in her course, the whole nation must rise, rich or poor, farmer or workman, young and old, men and women. All must join in a single purpose to tide over the crisis. The entanglements over Manchuria and the League of Nations, the internal economic difficulties and the disturbance in national thought, all these would be solved at once if the whole nation faced them in a body. ...Make money as much as you can no matter whether you are an industrialist, a merchant or a financier. No one will interfere with your work. The only thing that is required of you is that you offer your earnings as well as yourself when the whole nation calls upon you to do so. You should not forget to join hands with the whole nation in case of emergency. If all classes of society are joined in the same spirit, the State can safely tide over any difficulty that is to be faced. Neither wind nor waves can prevent the small sailing craft from reaching the coast. Another push and all will be accomplished!"

In a later interview in the *Yomiuri* (translation from *Japan Chronicle*, Dec. 11) Gen. Araki turned philosophic and likened Japan's present troubles to the travail through which a woman passes in giving birth to a child. "Japan is now in travail, Japan, nay Asia, has for many years been ignored by the outside world," declared the Tokyo war minister. "No attention whatever has hitherto been paid the culture, the spirit and history of Asia. For this there is no reason to blame anybody else. Asia must achieve her own reconstruction. Asia has just been born, and mother and child are now in an ecstacy of joy. True Japan and true Asia are about to evolve. The Japanese people in one corner of Asia are acting as guide to reborn Asia. The time is ripe here for Japan and Manchukuo to rise with hands firmly joined!" The *Yomiuri* reporter then asked Araki whether the present huge army financial estimates for the next fiscal year are the price to pay for the joy of the birth of Manchukuo? The Imperial war minister replied to this by declaring that the army "is above the game of snatching State money without reason; nor is it simply trying to increase armament merely to enhance its own strength." Concluding, he explained that what the Imperial Army was now doing was for the good of the nation. He said that the present budget carrying a huge deficit might be likened to a shop-keeper who had moved his store from the suburbs to the center of the city. "The shop must have a good stock of goods or it cannot do business," he declared.

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The League of Nations with its Assembly, Committee of Nineteen and sub-committee on conciliation, has folded up its tent and adjourned for the Christmas holidays according to latest reports from Geneva stating the next meeting probably will be held on Jan. 16. A *Reuter* report on Dec. 20 stated, "the atmosphere in which the Committee of Nineteen broke up this morning was not favorable." The Geneva correspondent for *Reuters* service used exactly 137 words to explain that the work of the Committee of Nineteen in trying to reach a compromse formula for adjusting the Manchuria situation, had resulted in exactly NOTHING. However the Geneva correspondent did not put it precisely that way.

He said, "The divergencies between the text of the resolutions, especially in the expose de motifs and the Japanese desiderata, are still very wide, but the chief hope in League circles is based on the knowledge that nobody really desires a breach." The only significant statement in the entire message was the last sentence which said that Matsuoka, chief Japanese delegate, intended to spend the Christmas holidays visiting Turkey, Italy and possibly Spain, his purpose not being difficult to guess. However, before adjourning the Committee of Nineteen did adopt a resolution,

> "In conformity with the mission entrusted to it by the resolution of the Assembly on Dec. 9, 1932, the Committee of Nineteen drew up certain texts indicating generally, a basis on which conciliation between the contending parties should be effected and the procedure to be followed. With that object these texts, which took the form of two draft resolutions with statement of reasons were brought to the knowledge of the parties through the chairman of the Committee of Nineteen and the Secretary-General of the League of Nations. Both parties presented their observations. Ensuing conversations will require a certain amount of time. Under these circumstances the Committee of Nineteen, recognizing that it must continue its efforts to arrive at an agreement in so grave a question, thought it expedient, in order to allow the aforementioned conversations to be pursued, to defer meetings until Jan. 16 at the latest." (Text of resolutions referred to kept secret).

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It only has required a superficial perusal of *Rengo's* messages from Tokyo to understand the reason for Geneva's failure. Every move on the part of the League's delegates to provide a formula for conciliation has been met by objections from Tokyo and Tokyo's objections always have been followed by further trimming of sails in Geneva. The result has been a complete loss of interest on the part of the public in the Geneva deliberations—which has been just what Japan and her friends in high places in the League have been counting on—hence it probably is no exaggeration to say that the curtain already has been drawn on the Manchurian affair so far as the League is concerned.

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In the meantime the Japanese war-lords are rapidly pushing ahead their plans for the invasion of Jehol province. Chinese reports state large forces of Japanese troops are being concentrated along the railways skirting the southern border of the province, while Japanese planes have resumed their bombing of Jehol cities. In Manchuria proper, the Japanese forces have encountered serious difficulties in their so-called anti-bandit drives in the large triangular territory embracing portions of Fengtien and Kirin provinces lying between the Mukden-Dairen and Mukden-Antung branches of the South Manchuria railway. A *Rengo* report from Hsinking (Changchun) on Dec. 19 stated that the Chinese forces, numbering 7,000, have put up "unexpected resistance," causing the Japanese heavy casualties. In one fight with Chinese "big-swords" the Japanese lost one major and one captain killed and two majors and another officer seriously wounded. For a time the Japanese were alarmed regarding one of their detachments which was entirely surrounded by the Chinese troops, but later reports claimed the detachment had been extricated due to the arrival of reinforcements.

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Of amusing interest in connection with the oft-repeated claims of the Japanese that the creation of the Manchukuo puppet state represented the unanimous will of the 30,000,000 inhabitants of Manchuria, was a *Rengo* report circulated to the Shanghai newspapers on Dec. 20. The report dealt with the latest anti-bandit campaign in the triangular territory between the Mukden-Dairen and Mukden-Antung branches of the South Manchuria railway. The *Rengo* report stated, "As the result of the progress of the bandit suppression campaign in the triangular territory, it has been found that almost the entire population in this area, who hitherto had been isolated from the outside world under the oppression of the bandits and irregular troops, *have been ignorant of the existence of Manchukuo.*" However, as a result of the beneficent action of the Japanese troops in ridding the area of bandits and irregulars, "the rural population in this area breathed a sigh of relief as many of them came to understand the benefits of the new regime of Manchukuo, and in consequence the national flag of Manchukuo is much in evidence wherever the Japanese troops have made their way." It doesn't require much explanation to understand the significance of this statement issued through the official Japanese news service. The area embraced within the triangular territory between the two branches of the South Manchuria railway, constitutes probably one fourth of Manchuria proper and the most densely populated section at that. And the Japanese admit publicly, through their official news service, that the rural population *has been ignorant of the existence of Manchukuo!* One hopes no one will wire this to Geneva for it might prove embarrassing to Mr. Matsuoka even at this late date. However, Lord Lytton would enjoy reading it!

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A few weeks ago the *Osaka Mainichi* published a long report alleging America and European nations were taking advantage of Japan's present unfavorable position in China to expand their economic influence. In this connection the Osaka newspaper alleged the National City Bank had purchased the Sungari Flour Mill at Harbin from Russian interests for $330,000 and was negotiating for the purchase of the large Russian (Choorin) department store in the same city and in addition was making plans for extensive business deals in wheat, other grains and lumber. In the absence of direct information from the management of the N. C. B. branch in Harbin, one naturally does not know what is actually going on, but we imagine that if the premier American bank has purchased the Sungari Flour Mill it has been as a result of foreclosure proceedings resulting from non-payment of loans rather than as the result of business expansion on the part of the bank in that area. We make this statement because it is not the policy of American banks, particularly those holding National charters, to purchase flour mills or any other kinds of business enterprises. It sometimes happens, however, that banks find themselves in

possession of such enterprises ranging from flour mills to grocery stores. As for the Choorin Department Store, leading retail establishment in Harbin, we understand it is the British Hongkong and Shanghai Bank which has fallen heir to that shop, rather than the National City Bank. As for the Japanese allegation that the National City Bank is planning extensive deals in wheat and other grains in North Manchuria, one also is inclined to cast doubt on that statement for the Harbin correspondent of the *North-China Daily News* on Nov. 26 wrote that Sino-Russian Commercial Society of North Manchuria estimated that the farmers in North Manchuria, due to disturbed conditions, had decreased their sowings for soya-beans some 17 percent, wheat 12 percent and maize 7 percent. The correspondent estimated the average decrease in sowings at 11 percent while the decrease in rice planting in some sections was in excess of 50 percent. The report stated, "The very unfavorable climate conditions and the floods which occurred in many parts of of the country have had their effects upon crop results, the figures showing a shortage of about 23 percent. Some of the figures cited by the correspondent were enlightening in that they indicated the widespread distress now existing in North Manchuria with prospects for even worse conditions in the near future. For example it was claimed that the loss in grain production would amount to at least Yen 80,000,000 while the total loss to the country, including cartage, wages and railway freights would amount to more than Yen 100,000,000. It was claimed that the loss in purchasing power on the part of the North Manchurian peasants would be at least Yen 60,000,000 below last year's figures. Since the wealth of this territory must be measured in terms of grain, the report concluded the gloomy picture in the following word, "As Manchukuo is a country which derives most of its wealth from grain crops, the prospects for the year 1933 are far from bright and the coming winter will be a hard one for the people." The correspondent's letter concluded with the interesting item that Col. Drysdale, U. S. Military Attache, recently had visited Hsinking (Changchun), capital of Manchukuo and according to report had asked a number of questions regarding the principle of the "Open Door."

# C. E. C. Plenary Session Discusses Policy vis-a-vis Japan

THE outstanding feature of the third plenary session of the Central Executive Committee at present in session at Nanking is that Sun Fo returns to power as the president of the Legislative Yuan. The outstanding sensation of the session was that a proposal put before the session for discussion asking for the concentration of troops in North China, also to resist further aggression, and to direct a boycott by the Government and Party against Japan, was made to appear as being sponsored by T. V. Soong and other government leaders, whereas it was merely passed by them as a matter of routine among the many matters that were permissible to be brought up for discussion. The net result of the incident has been that a resolution was passed that no draft resolution shall in future be made public until adopted by the session. The incident, however, served the purpose of impressing the fact on the public mind that the chief matter to be thrashed out at the plenary session is the matter of what policy to adopt vis-a-vis Japan, in view of the failure of the League to take any definite action as regards Manchuria.

A feature of the C. E. C. plenary session has been the enthusiastic welcome which was given to General Chiang Kai-shek, President of the Military Affairs Commission, when he returned to Nanking from Hankow after seven months of strenuous work in directing the bandit-suppression campaign. The streets from Hsiakwan (where the gunboat which carried him and Mrs. Chiang from Hankow) to General Chiang's residence at the Central Military Academy were lined with military police. Five *"pailous"* (arches) were erected by the people along the street as a token of their appreciation of Gen. Chiang's signal services in eradicating banditry in Hupeh.

A monster meeting to welcome General Chiang was held on the morning of Dec. 15 at the auditorium of the Central National University, before a gathering of over 2,000 persons, comprising Party and Government leaders as well as representatives of official and public bodies.

Called upon to speak, General Chiang Kai-shek began by recalling the bitter feelings of remorse he felt after the Shenyang (Mukden) incident of Sept. 18 last year; for, occupying the important positions he did, he felt deeply ashamed for what had occurred. Fortunately, being still alive he could continue to strive for the welfare of the country to which he is pledged till his last breath. After more than a year of grief and suffering into which the nation has been plunged, General Chiang continued, there appears now a ray of hope both as regards political conditions internally and the diplomatic situation externally. However, the people must continue to strive in order that this hope may become a reality; or, it is feared, the nation may relapse again into the morass which it had sunk into a year ago. Quoting the proverb that a man must be guilty of dis-respect to himself before he can be insulted by others, he declared that China, whose people for ages past have been known for their loyalty, filialy piety, trustworthiness, love of peace and other qualities, now suffers the disgrace of being termed "a disorganized country." This may be rank humiliation, he said, yet a moment's honest reflection would reveal that such an insult is, after all, but medicine.

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The inaugural address at the opening ceremony on Dec. 15 was delivered by Yu Yu-jen, President of the Control Yuan.

The first general meeting of the 3rd Plenary Session of the 4th C.E.C. was held under the chairmanship of General Chiang Kai-shek at Nanking Dec. 16 with a

total of 106 members of the Central Executive and Supervisory Committees in attendance.

After the meeting had been called to order, a three minutes' silence was observed in memory of the officers and soldiers who made the supreme sacrifice in resistance against the Japanese and suppression of the Communist banditry as well as the civilian victims of the Japanese aggressions and the bandit ravages.

A resolution was then adopted to refer to the Party Affairs Committee for examination the reports submitted by the Standing Committee of the C.E.C., the Central Party Organization Committee, the Central Party Publicity Committee, the Central Party Committee for the Direction of Mass Movements, the Committee for the Organizations of Overseas Party Headquarters and the Central Political Council.

It was also resolved that the report submitted by the Executive Yuan be referred to the Political Affairs Committee for examination.

### 38 Proposals Referred for Examination

The 38 proposals which had been submitted to the Plenary Session, were then sorted into groups and referred to the following Proposals Examination Committees for examination and report at subsequent meetings of the Session:—

#### I. For the Party Affairs Committee

1. Improvement of the Party organization.
2. Concrete measures for the reorganization of the Party.
3. Restoration of the Mongolian Party Headquarters.
4. Establishment of a special institute at Nanking for the training of Mongolian Party and Political officials.
5. Relief of Party comrades who have returned from abroad as a result of oppression by foreign colonial authorities.

#### II. For the Political Affairs Committee

1. Promotion of district autonomy through spread of mass education and betterment of economic conditions.
2. Completion of the anti-Communist banditry campaign.
3. Eradication of corruption in officialdom.
4. Adoption of drastic measures for resistance against the Japanese and the launching of a punitive expedition against the puppet state.
5. Rectification of the Report of the Lytton Commission.
6. Abolition of the "Committee system" of provincial government and the adoption in its place of the system of provincial Governors.
7. Stricter enforcement of Opium-suppression laws.
8. Establishment of the Rule of Law and severe punishment of corrupt and delinquent officials.
9. Concrete programme for resistance against Japan.
10. Establishment of organs composed of people's representatives.
11. Re-demarcation of the country into a large number of smaller provinces.
12. Concentration of the National resources for the salvation of the nation.
13. Promotion of District Autonomy (submitted by the Central Party Organization Committee).
14. Adoption of measures for the relief of refugees in the North-West.
15. Establishment of a special Planning Committee under the National Government to draw up comprehensive and co-ordinated plans for national reconstruction.
16. Concrete measures for the reorganization and improvement of the Government administration.

#### III. For the Economic Committee

1. Revision of the plans for the conservancy of the Huai River.
2. Redemption of the Kiaochow-Tsinan Railway and construction of a branch line thereof.
3. Protection of the native Spinning and Weaving Industry.
4. Development of native industries.
5. Increase of the Sinking Fund for the service of domestic loans and shortening of the period for the redemption thereof.
6. Relief of the rural villages.
7. and 8. Two separate proposals concerning development of the North-West.
9. Promotion of rural economy.

#### IV. For the Educational Committee

1. Improvement and revision of the existing educational system.
2. Reform of the system of higher education.
3. Reorientation of educational policies.

#### V. For the Military Affairs Committee

1. Military reorganization and disbandment of troops.
2. Concrete support of the Chinese Volunteers in Manchuria.
3. Support of the Volunteers and recovery of Manchuria.
4. Improvement of the aviation administration.
5. Incorporation into the national army and training of the cavalry.

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The following is a list of members of the Central Executive and Supervisory Committees who were present at the opening ceremony:—

*Members of Central Executive Committee:*—Chiang Kai-shek, Sun Fo, Tai Chi-tao, Ho Ying-chin, Chen Kuo-fu, Yeh Chu-tsang, Chu Pei-te, Wu Te-cheng, Yu Yu-jen, T. V. Soong, Fang Chen-wu, Chen Kung-po, Wang Po-ling, Chou Fo-hai, Chu Cheng, Ma Chao-chun, Hsia Tou-yin, Chen Tse, Chang Hui-chang, Liu Shou-chung, Ching Heng-i, Wang Pei-chun, Chu Chia-hua, Ho Yao-tsu, Chang Chun, Cheng Tien-fang, Tseng Yang-fu, Chou Chi-kang, Ku Meng-yu, Ting Chao-wu, Shih Ying, Chen Chao-ying, Ku Chu-tung, Liu Chih, Ting Wei-fen, C. C. Wu, Tan Chen, Yang Shu-chwang, Chen Li-fu, Fang Chio-hui, C. T. Wang, Yang Chieh, Chang Chen, Shao Yuan-chung, Shih Ching-yang, Wang Fa-chin, Kan Nai-kuang.

*Reserve members of Central Executive Committee:*—Tseng Kuang-cheng, Tai Kuei-sheng, Hsiao Chi-san, Tsui Kwang-hsiu, Wang Lu-i, Li Jen-jen, Liang Han-tsao, Chen Ching-yun, Chien Ta-chun, Pai Yun-ti, Ke Hsing-ya, Wang Chi, Miao Pei-cheng, Chen Shu-jen, Tang Sheng-chih, Chang Wei-tsun, Hsieh Tso-min, Tang Yu-jen, Ku Cheng-kang, Chang Ting-fan, Fu Ju-lin, Kwan Shu-jen, Mao Tsu-chuan, Chang Tao-fan, Tuan Hsi-peng, Tseng Chung-min, Huang Shih, Yu Ching-tang, Chao Pei-lin, Teng Chia-yen, Huang Mu-sung, Miao Pin, Lo Chia-lun.

*Members of Central Supervisory Comittee:*—Chu Min-i, Lin Sen, Yang Hu, Hung Lu-tung, Wu Chih-hui, Chang Chi, Chang Ching-kiang, Liu Ya-tzu, Tsai Yuan-pei, En-Ke-Pa-Tu.

*Reserve members of Central Supervisory Committee:*—Li Chi-an, Li Fu-lin, Huang Chi-jen, Teng Ching-yang, Teng Fei-huang, Chi Liang, Kao Chun-tao, Huang Shao-hsiung, Pan Yun-chao, Hsiao Chung-chen, Li Tzu-wen, Shang Chen.

A proposal for the outlawry of civil war was submitted by the National Anti-Civil War League. The League sent a delegation to the Capital to urge upon the Session the necessity of adopting such a proposal. The delegation is composed of Lin Kang-hou, Chairman of the National Associated Chambers of Commerce, Dr. Herman Liu, President of the University of Shanghai, and Pu Niang-shan, Chairman of the Chamber of Commerce at Nanking. The League urged the Session to adopt a resolution to the effect that all domestic disputes should hereafter be settled only through pacific means and that resort to force as a means of settling such disputes should be prohibited. The League also urged the Session to call upon the National Government to take stern measures for the punishment of General Liu Hsiang who is held responsible for the present Szechuen imbroglio. Finally, the League asked that a resolution be adopted calling for the protection of members of the League by the local authorities throughout the country.

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### Dr. C. C. Wu's Resolution to Reduce Army Is Adopted

Fifteen resolutions were adopted at the meeting of the third plenary session of the Central Executive Committee of the Kuomintang Dec. 19. Among these resolutions was that concerning the proposal submitted by Dr. C. C. Wu calling for the drastic disbandment of troops. The full text of this resolution reads as follows:—

*(Continued on page 189)*

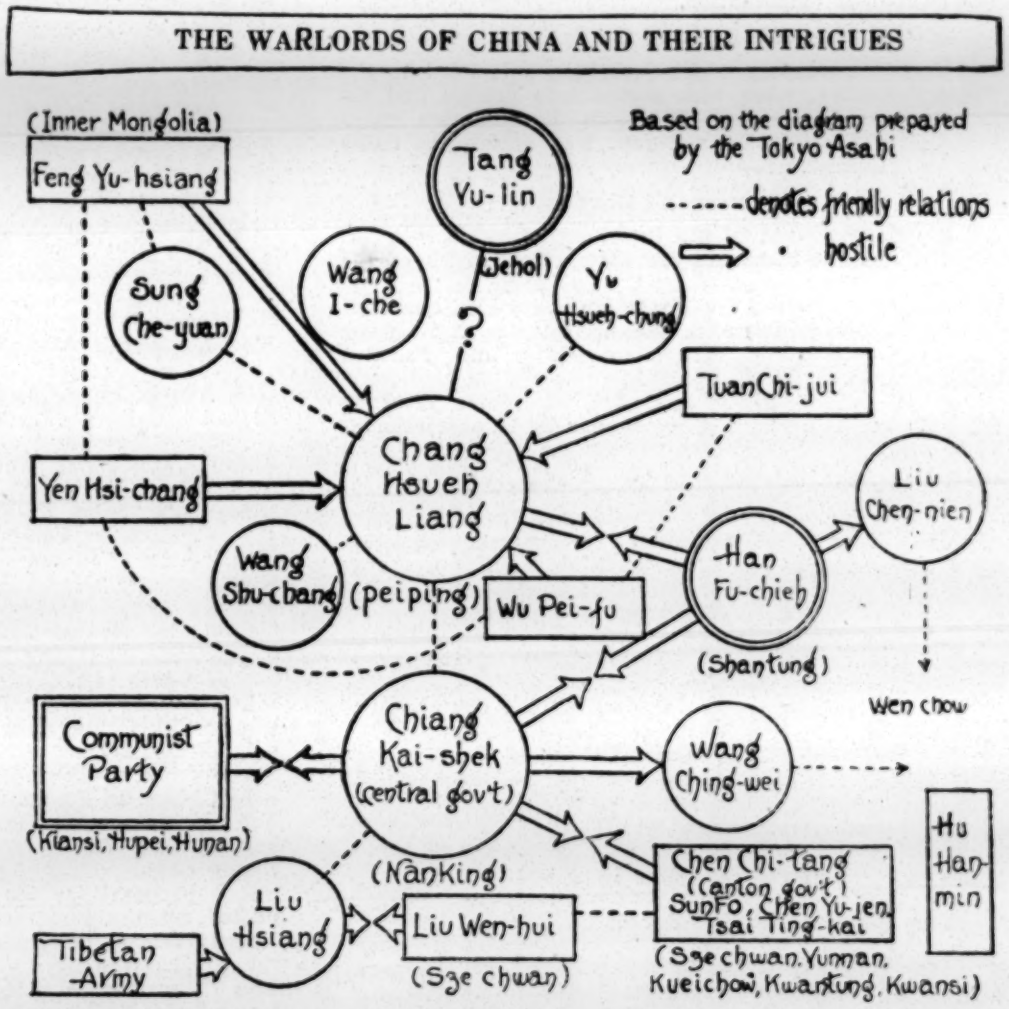
# Chinese Political Turmoil as Viewed by the Japanese Militarists

IN order to emphasize their propaganda at Geneva that China is not an organized state in the modern sense, but is merely a conglomeration of military commanders, each striving for personal control, the Japanese recently have designed a chart illustrating their ideas regarding Chinese politics. One of these charts, which was designed by the *Tokyo Asahi* and widely reproduced in the Japanese press, is shown herewith. The chart was accompanied by a half-column of "explanation," which stated the Nanking Government is the central government of the Kuomintang Party, controlled by Gen. Chiang Kai-shek and his associates, the authority of which extends over a small section of central China only. Then the Canton government was listed as "obviously hostile to Nanking and controls the five provinces of Szechuen, Yunnan, Kweichow, Kwangtung and Kwangsi." The leaders in the Canton government were listed as Gen. Chen Chi-tang, Sun Fo, Chen Yu-jen (Eugene Chen), Hu Han-ming and Tsai Ting-kai. It was claimed the Canton government "openly challenges the authority of Gen. Chiang Kai-shek and advocates the establishment of a strong central government." Also, it was claimed in the Japanese statement that Canton-Nanking rivalries were evidenced in the present war in Szechuen "where Nanking has sent a strong military expedition." Sometime ago when the Tibetans threatened to invade Szechuen, the Japanese alleged Gen. Chiang sent Liu Wen-hui to attack the invaders, and later ordered Liu Hsiang to co-operate with Liu Wen-hui. But Liu Hsiang, instead of assisting his fellow provincial, took advantage of the situation to attempt to deprive Liu Wen-hui of his sphere of influence. Learning of this, Liu Wen-hui allegedly "made peace with the Tibetans and sought the help of the Cantonese, thus turning the war into a struggle between Canton and Nanking."

As for the communist armies in central China, the Japanese view is that their strength is gradually increasing despite the military opposition of Nanking forces. The remainder of the Japanese "explanation" is reproduced verbation from *The Japan Times*, for Dec. 9,

> "The relation between Chang Hsueh-liang at Peiping and Chiang Kai-shek is supposed to be friendly, but judging from the fact that a representative of Chang is taking part secretly in the anti-Chiang conference at Canton, it is not to be hastily concluded that the friendship between the two leaders is not so cordial as is generally supposed.
>
> "Chang Hsuen-liang at Peiping, who wields imcomparably the greatest influence in north China, is far from being friendly with Feng Yu-hsiang, Yen Hsi-shan and Han Fu-chu.
>
> "Recently Chang instructed Sung Che-yuan, chairman of the provincial government of Chahar, to try to impair the influence of Feng Yu-hsiang, but unable to betray his former chief, Sung resigned from his post. This incident has served to aggravate the relations between Chang and Feng. Han Fu-chu of Shantung constitutes another cause of serious anxiety for Chang Hsueh-liang. After defeating Liu Chen-nien recently, Han enjoys a position almost

(*Continued on page 189*)




Note:—Yen Hsi-chang in the diagram should read Yen Shi-shan.
The relations between Chang Hsueh-liang and Wang I-che are friendly.

The above chart was prepared and circulated by the Japanese in support of their contention at Geneva that China is not an organized state in the generally accepted sense of the term.

# The Third Plenary Session of the C. E. C.---Its Mission and Problems

BY C. Y. W. MENG (孟長渢)

IT has been the practice in the past that whenever there was any problem which the Kuomintang and the Government could not solve, the decision, as a formula, has been that the said problem be laid on the table and be discussed and decided by the Third Plenary Session of the Central Executive Committee of the Kuomintang to be held on December 15. So the Chinese policy towards the Manchurian situation has also to be decided by the same conference. It seems as if the present Conference is a meeting of men of extraordinary ability who could solve any knotty problem! But as a matter of fact, the attendants at this Conference are only limited to the old members of the Kuomintang who either were connected with the Government before or are now in government service. One wonders, seeing that these officials could not do anything when they were or are in power, how they can be expected to do anything when they meet. Are we not expecting too much from them? That explains the reason why, despite conference after conference, no new development has ever resulted. All the resolutions are stale and are only repetitions of the old ones.

Sun Fo, former President of Executive Yuan

Whether the present Conference of the C.E.C. is only another conference of this kind merely for the issuance of lengthy and flowery-worded declarations and circular telegrams and for the adoption of "paper" resolutions, etc., we will not at present say. But we wish to remind the members of the Conference that the present time is the most critical time in Chinese history, and as everything is turned over to the meeting of the C.E.C. for decision, it is up to the members of the Conference to discard all their past differences and engage themselves in a heart-to-heart talk the concerning problems facing the country today, so that something constructive may be achieved. In short, we may say that it is upon the present Conference that hangs the hope of China's salvation!

Being solely animated by a genuine desire to see the early coming into existence of a stable government and unity among ourselves so as to present a united front against the foreign aggression, we are bold enough to put some of our proposals before the Conference. Being unaffiliated with any political parties or groups in the country, we discuss and try to solve each problem with our mind absolutely open, hoping only to solve each problem, as it comes, not for the interest or preference of any particular party or group, but rather for the welfare of the entire people.

## I.—Fundamental Principles

(I) Plea for good Sportsmanship in Playing Politics:

It is an open secret that during the past few weeks the politicians in Nanking, Shanghai, and Canton, and possibly also in the North, are very active, thus giving rise to the rumor that China is going to have another period of political unrest.

To be politically active on the eve of such an important conference as the Plenary Session of the C.E.C. connotes nothing wrong. The members of the Republican and Democrat Parties in the United States are always very active during an election campaign, and they launch verbal wars against one another. The same thing is true with all other political parties in other countries in the world. But what is wrong with the Chinese politicians is the unsportsmanlike way in which they engage in politics. It was the Kuomintang members in Canton and Hongkong who demanded that the Third Plenary Session of the C.E.C. should be held early so as to solve all the problems. But as far as we know, with exception of three or four members, the rest of the members would not come to Nanking to attend the Conference. Undoubtedly the reason for their refusal to attend the Conference is due to the conflict of policies and the impossibility of coming to a general conclusion. Here is the greatest shortcoming of the Chinese politicians!

If different groups within the Kuomintang have different policies regarding the present situation, why do they not take advantage of the holding of the Conference to submit their respective policies for the consideration of the Conference where the politicians would have equal chance to discuss and debate on different policies, and let the national policies be decided by the majority vote. If any group fails to carry out its policies, it is not necessary for the members of that group to jump to their feet at once and get indignant, but what they should do is to wait for the next conference when they would have another opportunity to present their policies. Before the holding of the Conference, why does not each group of the Kuomintang make known its respective policies regarding the present situation, so that the public would know what kind of policies each group is advocating; then the public would be able to judge which one is better than the other. Thus the one which gains the support of the people would become the national policy. On the eve of the Third Plenary Session of the C.E.C. we have never heard any announcement of policies by any group. On the contrary, the authorities took every step to suppress publicity. The C.E.C., through the "Tangpu," notified the members of the Conference that none of their proposals may be made public pending the discussion of the Conference. We do not think there is any necessity for keeping them secret.

C. C. Wu, Former Minister to the United States

Another shortcoming of the Chinese politicians is that when one group has proposed a certain policy for the nation, it believes irreconcilably that it is always right and what is proposed by any other group is wrong. It is the conviction of each group that only its policy would save the nation—therefore, it must be carried out at all cost. That is to say, the Chinese politicians either do not know how to play the party system, in a moderate way; and their unwillingness to abide by the desision of the majority is the cause of many political conflicts. In other words, what is important is the inculcation in the minds of the Chinese politicians of what is well known in political science as the "constitutional morality"—that is, the submission of the minority, the toleration of the majority and good sportsmanship in playing politics, and above

all, regard for the welfare of the nation as above party interests and success. If this principle is not observed by the politicians, China will never attain to political stability, and political conflicts and civil wars will be endless.

(2) Abolition of One-Party System:

From our study of political science and the constitutional history of different countries in the world, we know well the close relationship between the political party system and the constitutional form of government. The more developed and organized that political parties are, the more satisfactory is the constitutional government. The will of the people, the basis of all democracies, has to be formed, and it is only natural that those persons of similar opinions and interests should combine and take concerned action, propagating their political doctrines and policies and opposing those who differ with them. As the policies so formulated require agents for their carrying out, it is also natural that the supporters should select their most able proponents as candidates for office and muster ballots for their election. Furthermore, as the carrying out of such policies requires co-operation between the executive and the legislative departments of the government, the same party must control both departments, for otherwise the executive heads would receive no support from the legislature, and no constitutional government can operate with smoothness and success.

The "opposition" party likewise fulfills vital functions in the constitutional government, as it performs the task of criticising the policies and acts of the administration, so that the party in power may profit by such constructive criticisms. While the party in power is the servant of the people, the opposition is the supervisor and the alternate.

But the principal fault of the Kuomintang is this: Its leaders have failed to recognize the existence of an opposition party. They have never realized that as the party in power is liable to be negligent in the performance of public functions without the vigilant watch of its opponents, the latter are really of great service to the former. The Kuomintang has generally considered any leader who happens to be in disagreement with government policies and actions to be "reactionaries" and has deprived them of the freedom of speech.

C. T. Wang, Former Minister of Foreign Affairs

As a solution of the present political situation in China, we strongly advocate that the existence of the opposition party should be legalized. Those who do not join any political party should also betolerated. When two parties are almost equal in strength, the independents will decide a political issue by siding with the party which they deem to be right. In a constitutional democracy, the independents serve as judges or umpires in the political games.

As a matter of fact, what is essential for China to-day is the development of two great political parties, one in control of both the executive and the legislature departments and the other in opposition. This is an indispensable step in the evolution of a popular constitutional government and this is the only way whereby civil warfare in China can be forever avoided.

### II.—The Re-organization of the Government

Our present political system is strange in many ways. It is said that China has adopted the cabinet system, with the chairman of the National Government as the titular head of the Government and with the Executive Yuan as a responsible cabinet. But the question is: Where is the legislature? Would the Central Political Council be regarded as equivalent to the legislature under an ordinary cabinet government? In case of the conflict between the Executive Yuan and the Central Political Council, how could the conflict be adjusted? One of the great advantages of the cabinet system is the quickness and ease of adjusting any conflict between the executive and legislature; either the cabinet resigns, making way for the successful opposition to reorganize the cabinet, or else the houses, and an appeal to the electorate is made. That is to say, it can bring about more readily the harmony between the executive and legislature than the presidential system can.

Gen. Wu Te-chen, Mayor of Greater Shanghai Municipality

The cabinet system works best when there are two and only two parties in the Legislature, one party holding the majority in support of the executive and the other in opposition. But what the Kuomintang advocates today is the one-party system—that is to say, no other party should be allowed to exist except the Kuomintang. In other words the elementary requirements of a cabinet government are already being opposed by the Kuomintang. How, then, could there be a cabinet system of government under the Kuomintang rule?

In case of a cabinet government, when the prime minister resigns, it is followed by resignation en bloc of all ministers. Wang Ching-wei, president of the Executive Yuan, resigned several months ago, but all ministers are still holding their posts, though they did once submit their resignations, only as a matter of form!

Moreover, the cabinet system requires a high degree of political experience on the part of the electorate and political parties. It requires the condition of two and only two well organized parties, but it is extremely hard to obtain this ideal condition under present conditions in the country. What is more, the cabinet system is generally unstable and changeable as it does not answer the crying need of the present condition of China, which calls for a strong and stable government. In other words, the present form of government in Nanking is neither a cabinet system nor a presidential system, nor the Soviet Commissar's system, but it is only a fragmentary combination of these; it is only an inefficient governmental machine—it is only a Chinese modern government in making.

### The Writer's Proposals

Though not being politicians ourselves, we venture to put the following proposals before the Conference:

(1) The present period of political tutelage shall be early terminated and the constitutional period be immediately inaugurated, the reason for this statement being that the purpose of having a period of political tetelage for six years is to help this young republic to leap over the unbridged gap from monarchical autocracy to republican constitutionalism. But in view of the fact that the intelligent standard of the Chinese people is so low, it might take many decades to train them for the constitutional form of government. Would the period of political tutelage be extended as long as that? So we propose to abolish it all together and to enter at once the constitutional period.

(2) China should adopt the presidential system of government as this system not only has many advantages over the cabinet system when taking into consideration the present conditions in China, but also it is the only

party, but we have never heard of the Labor Party making the study of the Labor Party's principles compulsory courses in all the schools!

### IV.—Rural Bankruptcy

China is essentially an agricultural country; 85% of her population are farmers. So, as China can not feed her people with her own rice but has to depend upon the importation of foodstuffs from foreign countries in enormous quantities annually, and as the farmers, for one reason or the other, are becoming bankrupt, China is facing a economic crisis of a grave nature—which the government should not fail to solve.

The rural bankruptcy in the country may be attributed to the following causes:—

(1) Decrease in the acreage of cultivated land, and a rapid increase in the acreage of uncultivated land.

(2) Enormousness in the annual importation of agricultural products from foreign countries,

(3) Decline in the exportation of Chinese products, such as tea, silk, beans, tung oil, etc, due to the world general depression.

(4) Collapse of handicraft industries in the country places, due to imability to compete with the machine-made goods and imported foreign goods.

(5) Desertion of the fields by the farmers due to bandit and communist uprisings.

The situation was made much worse when the price of rice began to drop tremendously, being worth now less then half of its normal price. The farmers are suffering great losses and are on the verge of bankruptcy. Should the situation not be quickly dealt with, it would have the very effect of causing the present economic condition in the country to go from bad to worse, and of driving the farmers to become bandits and communists.

The harvest in rice-producing places in the country for this year is generally good. In Hunan Province alone, it is estimated that there is a surplus rice-supply of 10,000,000 piculs. But when the harvest is good, the Government should take the following steps:

(1) To impose higher duties on the imported rice from foreign countries—which is now imported free of all duties.

(2) To stop purchasing any more agricultural products, such as wheat, etc,. from the foreign countries.

(3) To establish more granaries in the country places, where the farmers may store the surplus rice instead of disposing of it at once at cheap prices.

(4) To provide more financial facilities in the country places whereby the farmers may be able to make some loans by pledging their rice in the granary as security, either to open up more uncultivated land or to purchase more agricultural implements.

Yu Yu-jen, President of Control Yuan

So far as we know, none of these steps has been carried out. The financial circles never open any accounts with the farmers, who, when in need of money, have to borrow from the rich at very high interest. But when the price of rice is very low, they can not meet their obligations and have to declare bankruptcy.

#### Import Duty on Rice Suggested

When we suggest, that an import duty should be imposed on imported rice, we are fully aware that the people in the south of the country would lose no time in lodging protests with the Central Government on the ground that such imposition would eventually increase the hard ships of the people in the South, who are now depending on rice from Indo-China, Siam, etc. as their foods. It seems something mysterious why rice, which is so cheap and plentiful in the central and eastern parts of China, could not be shipped to the South. The answer is not hard to find. The means of communication and transportation in the country are too poor and the various kinds of taxes levied by the local authorities, from one station to another, are too high to make such enterprises profitable. The present condition in the country is such that the free circulation of rice is quite impossible. So, while the farmers in central and eastern China are suffering losses owing to the cheapness of rice, the southern people are still at the mercy of the foreign rice merchants.

Gen. Ho Ying-ching, Minister of War

There are many steps we should take to remedy the situation, among which we may mention the following:—

(1) To revive agricultural production in China, to maintain an even distribution of agricultural produce and to reduce agricultural imports so as to minimize the outpayments in China's international accounts. If we can only reduce the quantities of foodstuffs imported from abroad and become agriculturally self-supporting, then the total amounts of imports will be reduced by 300,000,000 Hk. Tls. a year.

(2) The formation of a committee, composed of representatives from the central government, the provincial governments and the business men, to control the food and cotton production in the country.

(3) To promote the co-operative movement in conformity with the needs and customs of the Chinese farmers.

(4) To promote and to give adequate protection to the native industries. The Government should regard the customs administration not only as a source of revenue, but also as a means to protect the domestic industries.

(5) The abolition of all illegal taxes and enforcement of a just, reasonable and uniform system of taxation.

At the same time, we are hoping that the chairman of the National Government would soon call a conference of all bankers, financiers, commercial and industrial leaders, etc., in the country, in a series of heart-to-heart talks to draw up, like President Hoover's Prosperity Program, a program of reconstruction, to iron out the unemployment problem. Local authorities should be ordered to start constructive works. In suggesting this, we are fully aware that there are many,many constructive works which should be started, but our point is that the Government should undertake the "necessary" ones first. The construction of the new railway station for the Shanghai-Nanking Railway, which was entirely destroyed in the Sino-Japanese war in Shanghai,which alone costs $10,000,000, and the building of Nanking-Shanghai highway, which is only good for pleasure seekers and motor car drivers, seem to us more nearly luxuries than profitable and constructive projects.

### V.—Suppression of Bandits and Communists

At present the Government has mobilized no less than 600,000 of its best soldiers for the suppression of bandits and communists in the central parts of China, leaving entirely alone the Volunteers to fight with the Japanese in Manchuria, on the ground that without first suppressing the communist menace, the Government would not be free to deal with the Manchurian

system that will give a strong and stable government so badly needed by China today due to the geographical setting, foreign aggressions and youthfulness of the people in political experience.

But in order to prevent any possible deadlock between the executive and legislature, it should be stipulated that the president should have power to dissolve the legislature and appeal to the people for a verdict. If he succeeds, that is, if the new legislature returns a majority in support of him, he and the legislature will be in harmony again. If he fails and the new legislature is not friendly to him, then his prestige will be diminished and his chances of re-election much imperiled.

(3) China should adopt the unitary system rather than the federal system in adjusting the relationship between the central government and the provincial governments. that is to say, the concentration of all powers in the central government with delegation of powers for provinces and localities. China should not have a dual system of government with two sets of machinery operating within their respective orbits of jurisdiction, as it results not only in constant friction and duplications but also in the dual allegiance and loyalty of citizens, one to the federal government and the other to the state, with a strong tendency to increasing the feeling of provincialism. China should not have the central government weakened by the subtraction of powers, as the federal system necessitaties. What China needs today is a strong stable government capable of maintaining order and peace within and also conducting foreign relations in a sucessful manner. It is not true that by vesting all sovereign powers in the central government, local autonomy is thereby denied or extinguished. It can be so arranged that a liberal delegation of powers can be provided in the constitution. Besides, a general delegation of implied powers for local affairs can be provided so that local autonomy can be stretched to meet all the needs of the locality or province. A provision can be stipulated for the delegation of additional powers from time to time as the parliament sees fit. No military officials now in command of troops should be appointed as the governors of any provinces.

Chen Kung-po, Minister of Industries

(4) Lastly, the most important of all, a national convention should be called to discuss and adopt a permanent constitution for China.

Whether such radical changes in the government should be brought about at once or after the national crisis is over, is a problem which the Conference would decide, but what we have mentioned are only some of general principles of the form of government in the future.

### III.—Educational Reform

It goes without saying that the present state of education in the country is extremely unsatisfactory. By adopting co-education, schools are no longer educational institutions but rather "wooing" centers. Strikes, attacks on teachers, or against presidents occur more often than ever before. If we have children, we really do not know which school we should send them to in order to study!

Schools are too scarce in the interior of the country and they are poorly managed. Schools are plentiful in Shanghai and the south-eastern part of the country, but most of them are equally poorly managed and unable to turn out any graduate as a "ready product" to serve the country.

In every country in the world, especially at the beginning of reconstruction, vigorous steps are always taken to improve the educational system, administration and facilities, so as to raise the intelligent standard of the people to enable them to participate in politics under the constitutional form of government. To remove the illiteracy in the country should be the supreme task of every Chinese leader today! The following steps are suggested:—

(1) The system of compulsory education should be immediately enforced. That is to say, from a certain age to a certain age, parents should send their children to schools to study. If they are too poor to pay the tuition, they should send their children to the government schools where they may be exempted from paying tuition fees either in full or in part. Any parents failing to send children to school are liable to severe punishment.

(2) More vigorous and rigid supervision should be exercised over the existing educational institutions in the country, with a view to improving the present state of education.

(3) The co-education system should be permitted only in colleges and universities. No middle schools should be permitted to adopt the co-education system.

(4) The study of the Chinese language, Chinese geography, Chinese foreign relations (or diplomatic history) and introduction to political science, should be made requirements to all students of all departments in senior middle schools, colleges and universities. Today, our people talk very much about the abolition of unequal treaties, cancellation of extrality, etc., but we doubt very much how many of them really know what these unequal treaties are. Slogans are everywhere, but we doubt how many of our people really can understand what they mean. Without possessing a good historial knowledge, it is not possible for us to solve any of the present problems.

(5) The students in the primary schools and kindergardens should be taught more about patriotism, and should practice to sing national songs, patriotic songs, etc., the purpose being to teach every young child the idea of patriotism and make him more nationalistic in character.

(6) The establishment of private educational institutions should be encouraged, but no educational institution should be permitted to exist without being duly registered with the Ministry of Education.

Tai Chi-tao, President of Control Yuan

(7) All students of junior middle schools should be required to be boy scouts. Students of senior middle schools, colleges and universities should be required to undergo rigid military training.

(8) A certain portion of the national revenue should be definitely set aside for educational purposes.

Lastly, efforts should be devoted to develop and generalize the education for the improvement of the present state of education and the development and free circulation of new thoughts among the younger generations. If the Kuomintang would like to emphasize the study of the teachings and principles of the Kuomintang, it might be well for the Kuomintang to establish a Kuomintang school where the Three People's Principles, etc. would be taught. But it is by no means justified to make the study of the Kuomintang principles one of the requirements in all schools. We deem this to be contrary to the true purpose and spirit of education. The Labor Party in Great Britain, when in power, opened its own schools to teach the people the principles of the

situation, pointing out the instance that when one certain division of troops in Kiangsu, was ordered to proceed to Shanghai during the Sino-Japanese war in Shanghai to reinforce the famous 19th route Army, it was not able to reach Shanghai on time, due to the communist meance in the rear, thus causing the Chinese armies to order a general retreat. No one could suggest that the Government should abandon steps to suppress the bandits and communists.

However, there is one point we should keep in the mind, that is, the uprisings of the communists in the country are not so much due to the Red agitations but rather largely due to the economic conditions in the country and the bankruptcy of the Chinese farmers. So in order to exterminate the trouble, it is necessary to improve the economic conditions in the country and to help the miserable farmers out of difficulties.

Dr. Tsai Yuan-pei, President of Academia Sinica

Secondly, by adopting the guerrilla form of fighting, and being so uncertain in movements and so extensive in activities, it must be admitted that the bandits and communists are not easily to be suppressed within a short time. It is also not possible for the Government to claim any decisive victory. The communist army might be defeated in one place today, but might re-appear on the next day when the government forces are withdrawn. While Nanking might celebrate the self-styled "victory" over the communists, yet as soon as Gen. Chiang Kai-shek leaves Hupeh, the communists might become active again. The same campaign was carried on years ago in Kiangsi. It was also under the personal direction of General Chiang and General Ho Ying-ching, the war minister. The best troops of the government forces, such as the 19th Route Army were all being mobilized. But the communist menace in Kiangsi today is not in any way minimized. Only a few weeks ago, the communist army made another attempt to capture Nanchung, the capital city of Kiangsi, and was only repulsed after more government forces were rushed there!

### Some Pertinent Questions

As stated above, we quite agree with the Government that the bandits and communists should be suppressed and we are equally fully aware of the fact that it is impossible for the Government to accomplish both the suppression of the bandits and communists and the fighting for Manchuria at the same time. But there are many questions we have in mind; and we may put them as below:—

(1) Which one should come first?

(2) Which one could be sacrificed at the expense of the other?

(3) Is the present time a time for the Government to launch an extensive bandit and communist suppression campaign or a time for the Government to prepare for positive resistance against the foreign invasion?

(4) Is the Nanking policy (suppression of bandits and communists first and recovery of Manchuria next) more fantastic or practical?

(5) After the Suppression Campaign, do we not know that the government forces would be too much exhausted and would not be in a position to fight any more?

(6) Is there any other alternative besides the armed suppression of the communist menace?

(7) Is the present situation not a good chance which should be utilized by the Government at once to effect the unification between the Government and all the oppositionists in the country? That Nanking authorities should fail to utilize the situation and to take other measure than armed suppression is something that we, the students of current events, can not understand!

All these questions shall be seriously considered by the public as well as the Government.

Inasmuch as the suppression of the bandits and communists is allegedly to have come to a certain stage, we propose the campaign be ended there. The Government shall induce the communist leaders to come to the side of the Government to present a united front against the Japanese. The following are some of the principles of their understanding and agreement:—

(1) The communist leaders shall abolish the so-called Soviet regimes in all parts of the country which they have set them up.

(2) The communist leaders shall cease to take such steps as to endanger the security of the State and to cause any more embarrassments to the Central Government.

(3) The existence of the communist party as a political party in the country shall be permitted and its lawful activities shall be permitted.

(4 The communist party may play political games, but shall refrain from taking such outrageous actions as disturbing the public peace, etc.

There are several reason why we suggest the above principles and we may explain them as below:—

(1) To allow the existence of the communist party as a political party is materially different from the "admission of the communists into the Kuomintang." Nor does it mean that China is become "communistic." There is a communist party in Germany, in the United States and in practically every country. In the time of election campagins, the communist party is just as active as the other political parties. In suggesting this principle, of course, we presuppose that the Kuomintang would agree to the abolition of the one-party system and would let all other parties exist.

Wu Tsu-hui, Veteran Kuomintang Statesman

(2) In view of the popularity, organization, and long history of the Kuomintang, we believe the Kuomintang would not have any difficulty in defeating the communist party in political games. In other words, there is absolutely no danger to the Kuomintang in the time of political contests.

Is this not the wisest way for the Government to free itself from the communist menace and at the same time to enable the Government to deal with the Manchurian situation?

Nanking, Dec. 15, 1932.

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## Tsai Pei's Correspondence with Girl Leads to His Arrest as Communist

Following the discovery of correspondence with an alleged girl communist at Hangchow, Tsai Pei, former departmental director in the Ministry of Communications, was arrested at Nanking Dec. 18 and was held for investigation.

Wu Chih-hui and other prominent Party members immediately petitioned for the release of Mr. Tsai. Mr. Wu, in offering his bond for Mr. Tsai, declared that the latter is known to be conservative and, moreover, has previously been a trusted servant of the Government; it is therefore highly improbable that he should have communist leanings. Mr. Tsai was later released on bail.

# Production and Trade in China During the First Half of 1932

BY P. Y. HO
*(Director, Bureau of Foreign Trade)*

CONSEQUENT upon the general business depression prevailing throughout the world, there was no sign of economic improvement in any country during the first half of 1932. In fact, the effects of the depression had not been checked to any appreciable extent in spite of repeated efforts, made by governments and business interests in various parts of the world, to bring about a return of prosperity. The number of unemployed was still on the increase and the volume of international trade shrinking, financial stringency prevailed everywhere, and godowns and warehouses were choked with unsold goods, with security prices failing to recover, and a dozen other phenomena unpleasant to observe but which the world was powerless to prevent.

In China, before recovery could be made from the effects of the disastrous floods the previous year, the Japanese invasion of Manchuria took place, followed by the outbreak of hostilties in Shanghai early this year. Coupled with these disturbing influences was the Red menace in many provinces. All these factors contributed to disorganise the economic structure of the nation, and prevented any possible return to more normal conditions. Under these circumstances, favorable influences like the reduced value of silver, which should have given an opportunity for Chinese industries to increase both production and export, could not be fully taken advantage of.

*Agriculture*—Production declined heavily during the first half of this year. The first crop of wheat was very small, mainly due to unfavorable weather. Wheat harvests south of Pengpu and Yochow, according to general estimate, were not good, owing to drought, and artificial means of irrigation helped but little. The crop was estimated at from 60 to 80% (or as low as 30% in some places) of the moral yield. Prices of wheat from the lower Yangtsze Valley were low because of the poor quality, due to excessive rains during the harvest. In the provinces of Shantung, Shansi, Kiangsu, Anhwei, Honan, Hupeh, Chekiang, and Hopei, the average production was 70% of normal.

Rice production greatly decreased last year because of the floods. Conditions improved very much this year, and the output should show a considerable increase. In Kiangsu a fairly good harvest was expected, while in Hunan the prospects were almost as good as for the best years on record. Other provinces expected an increase in rice production, and thus the ban on rice exports from Hunan was lifted.

Cotton production, according to the China Cotton Statistical Association, promised to be fairly good. An increase over the output of last year was expected, as 1931 was exceptionally bad for cotton, except in the North. Hupeh and Kiangsu, the most important cotton centres in the Yangtsze valley, had unprecedentedly poor crops. This year, however, the output has improved considerably, particularly in the North, where climatic conditions have been very favorable. The area under cotton cultivation increased from 31,637,779 *mow* in 1931 to 37,068,775 *mow* this year. The total cotton output in 1931 was 6,399,780 piculs, while that for the present year was estimated at about 10,829,000 piculs.

Good crops of silk cocoons could hardly be expected, as the area devoted to mulberry trees in the silk producing centers of Wusih and Kiangyin in Kiangsu province were reduced to one-third the acreage of previous years. Tea production in Anhwei, Kiangsi, and Hunan also decreased owing to bandit activities.

*Industry and Commerce*—Since the floods and the Japanese invasion of Manchuria last year, industry and commerce were most seriously affected. In Hankow the volume of business dropped to about 80% of normal, and in the beginning of this year the outbreak of hostilities in and around Shanghai led to the suspension of all business. The direct losses from the "undeclared war" in Shanghai are estimated at about one and a half billion dollars—almost three times the total losses sustained during the floods of 1931 in the Yangtsze Valley.

Small-scale industries such as silk filature, knitting, tanning, toilet articles, glass, enamel ware, etc., were especially hard hit toward the end of last and the early part of this year. The losses sustained by those engaged in the cotton yarn, flour, and other large-scale industries, though serious, were comparatively small. China's main industries are fundamentally still of a handicraft nature, and the fall of silver prices and the increased use of home products by the nation in general during recent years have made these small-scale industries the foundation of manufacturing enterprise.

During the hostilities in Shanghai, the unemployed in the City numbered over 240,000, or equal to 90% of the city's skilled industrial workers at normal times. During the second quarter of the year the situation improved considerably. By the middle of April business firms had re-opened, and most factories within the three municipalities, except those in Chapei, had started working again, though on a reduced output. Two-thirds of the factory workers were back at their jobs, and at least one-third of the factories were running full capacity.

Industrial activities in Hankow, the centre of the flood area and of bandit troubles, had declined from 70 to 80%; and in Tientsin all industry was at a standstill. Many large egg-factories were closed in Nanking, and in Hongkong and South China, trade and industry were paralyzed. The decline in the silk industry of Canton caused direct and indirect unemployment among 700,000 people.

When the Japanese opened hostilities in Shanghai in January practically all business was suspended for three months. Foreign goods imported into Shanghai accumulated in godowns and warehouses, and no re-shipment, could be made. Goods shipped from Shanghai to Upper Yangtsze ports in normal times amount in value to from $30,000 to $40,000 a day, but during this period the traffic dwindled to from $5,000 to $8,000. Over twenty native banks in Canton were suspended, and banks in Nanking did not resume business until April 1, long after the fighting in Shanghai was over.

*Money Market*—During the first quarter of this year financial conditions were seriously disturbed by the Shanghai hostilities, re-acting directly upon industry and commerce, and indirectly upon China's foreign trade. The banking business itself had to battle against many difficulties during this period of uncertainty. "Modern" and native banks were forced to adopt a severely restricted credit policy, and to resort to all possible ways and means of building up emergency reserves. Loans other than for small amounts on the best security were refused, and the native banks did only a small cash business, short term advances, which had been their main line of business, being reduced to 10 or 20 per cent of normal.

The complete disorganisation of the financial system practically had the effect of stopping the wheels of trade and industry, which had been already seriously disturbed. The banks were most cautious in extending credit, as many advances made had already proved uncollectable. Financial accommodation was hard to obtain by firms who used to depend largely on banks in transacting business. It was during this critical period that the Joint Reserve Board was formed by the modern Chinese bankers, a step which considerably increased public confidence in the stability of the Shanghai banking system.

During the height of the hostilities the money market was so tight that the dollar rate went to Tls. 0.74, but soon after this peak was reached, conditions changed completely and the dollar went downward, touching a new low record almost every day until the bottom was reached toward the end of June, at 69, the lowest rate ever recorded since dollar-tael quotations were kept. The fundamental cause of this collapse of the dollar was the working of the law of supply. There was an abundance

of dollars in Shanghai, but the demand for them was very small, this state of affairs being the direct aftermath of the Shanghai "war." The stock of silver dollars in Shanghai at the end of the first half of the year was about $240,000,000.

While the dollar was so cheap in Shanghai, conditions were just the other way in many places in the interior, from which points the silver coins continued to flow into Shanghai for safe-keeping.

*National Finance*—The Government experienced unprecedented financial embarrassment in the first quarter of the present year. Customs receipts dropped enormously, receipts being about 20% of the amount collected in the corresponding period last year. Various measures were resorted to as means of meeting the difficulty. Among them was a plan for reducing the interest and extending the amortisation period of all domestic bonds, which on February 1 were outstanding to the amount of more than $800,000,000. Increases in letter postage were affected, while the taxes on sugar and salt were raised.

The situation was further aggravated by the seizure of all the Custom Houses in the Three Eastern Provinces (including those situated in the Leased Territory of Liaotung) by the rebel government established in those provinces. Customs revenues from the Three Eastern Provinces constituted a large proportion of the Government's income, and in 1931 amounted to 26,000,000 taels. Revenues collected at these Customs House after March were held by the rebels, which affected not only the finances of the Government, but also the standing of China's foreign loan obligations secured on Customs revenue.

*Shipping*—During the first half of 1932, the number of ships entering Chinese ports was only 31,947, with a total tonnage of 23,970,766, which compares very badly with the 181,600 ships and 160,005,100 tons entered during 1931, although an exact half-yearly comparison is not possible. Of the ships entering Chinese ports, 30% of the total tonnage was destined for Shanghai, with Canton, Dairen, Swatow, Kowloon, and Amoy following in order of importance. As to the flags of these foreign vessels, Great Britain occupied first place with a total tonnage of 9,763,250. Next comes Japan, with 5,729,060 tons, China, 2,253,232 tons, United States, 1,829,220 tons, and Norway, 1,090,278 tons.

*Communications*—Railway traffic this year was below normal, in consequence of the Japanese military occupation of railways in Manchuria, the section of the Peiping-Liaoning Railway east of Shanhaikuan, and the destruction by hostile military operations of the North Station in Shanghai and the workshops of the Nanking-Shanghai Railway. Efforts to restore normal running conditions were made, and the construction undertaken of new lines and extension. A survey of the Peiping-Hankow Railway was completed and repair work started. The Lunghai line was extended to Tungkuan, and further construction work is under way, while an extension of the Taoching line is proposed. The Hangchow-Kiangshan Railway has been completed, and services are now in operation, while work on the uncompleted section of the Canton-Hankow Railway has been started.

The building of motor highways had been pushed on vigorously, especially in the provinces of Chekiang, Kiangsu and Hunan, where many miles of roads have been completed and opened to traffic.

## QUANTITY AND VALUE OF EXPORTS AND IMPORTS

In the early part of 1932 Sino-Japanese hostilities in Shanghai broke out, and the commerce of the whole country was seriously affected. Business in Shanghai, being a direct import and export center, naturally suffered a very severe setback, and in other important commercial centers, like Hankow and Kiukiaug, trade was almost entirely suspended. Merchants hurriedly cancelled their orders, and hesitated to take delivery of goods that had actually arrived. As a result of the disturbing effect of the fighting which took place in Shanghai, the foreign trade of China during the first three months of this year showed a decidedly downward trend. The total imports for the first quarter amounted to 260,250,000 Hk. Tls., and exports to 141,130,000 Hk. Tls., details being shown in the following table:—

| | EXPORTS (Hk. Tls.) | IMPORTS C. G. U. — Hk. Tls. | | TOTAL (Hk. Tls.) | *Excess of Imports* |
|---|---|---|---|---|---|
| January | 47,759,480 | 92,789,913 | 103,180,159 | 150,939,639 | 55,420,679 |
| February | 41,490,179 | 55,881,803 | 61,358,220 | 102,848,399 | 19,868,041 |
| March | 51,887,226 | 86,781,793 | 95,720,318 | 147,607,544 | 43,833,092 |
| Total | 141,136,885 | 235,453,509 | 260,258,697 | 401,395,582 | 119,121,812 |

Import trade fluctuated considerably during the first three months of 1932, in February the volume of inward trade decreased approximately by 41 per cent as compared with that of January. Though conditions had to some extent returned to normal in March, the value of imports was still about 7,400,000 Hk Tls. less than that registered in January. This depression in the import trade during February was mainly attributable to the Sino-Japanese conflict in Shanghai. Exports, however, did not show very much fluctuation during this period. The value of February exports was only 6,300,000 Hk. Tls. less than those in January, while in March the total actually showed an increase of Hk. Tls. 4,100,000.

The following table shows the movement of imports and exports during the second quarter of 1932:—

| | EXPORTS (Hk. Tls.) | IMPORTS C. G. U. — Hk. Tls. | | TOTAL Hk. Tls. | *Excess of Imports* |
|---|---|---|---|---|---|
| April | 49,682,988 | 100,313,287 | 127,853,100 | 177,536,088 | 78,170,122 |
| May | 50,485,931 | 100,255,483 | 119,504,538 | 169,990,467 | 69,018,605 |
| June | 56,380,747 | 82,313,634 | 100,286,751 | 156,694,594 | 43,906,004 |
| Total | 156,549,666 | 282,892,394 | 347,644,389 | 504,221,149 | 191,094,721 |

During the above period import trade returned to normalcy. The value of goods imported in April exceeded the total for January by 24,000,000 Hk. Tls. and in May and June only a slight fluctuation took place. Exports also increased in volume, and the peak was reached in June, in which month the value amounted to over 56,000,000 Hk Tls. Compared with the first quarter of the year, import trade during the second quarter showed an increase of 24.40 per cent, and export trade of 10.92 per cent.

The following figures show the total imports and exports in Haikwan Taels during the first half of 1932:—

| | Hk. Tls. |
|---|---|
| Net exports | 297,686,551 |
| Net imports | 607,903,084 |
| Total imports and exports | 905,616,731 |
| Excess of imports | 310,212,533 |

It may be noted that although import business fluctuated considerably in the first half of 1932 and suffered a severe drop in February, its volume was still quite considerable, while export trade, though showing a monthly increase, was considerably less than in 1931. The following table shows the monthly import and export indices for 1932, the monthly average during 1931 being taken as 100:—

| | EXPORTS. | IMPORTS. | TOTAL TRADE |
|---|---|---|---|
| January | 63.02 | 86.37 | 77.31 |
| February | 54.74 | 51.36 | 52.68 |
| March | 68.46 | 80.13 | 75.60 |
| April | 65.55 | 107.03 | 90.93 |
| May | 66.61 | 100.04 | 87.06 |
| June | 74.39 | 83.95 | 80.25 |

The excess of imports during the first three months of 1932 was 90.93 per cent of the quarterly average during 1931, the total unfavorable balance for 1931 being 524,013,669 Hk. Tls. Though a slight decrease is shown, the fact must be borne in mind that the import figures for 1931 were the highest on record, and also that China's trade was greatly disturbed during the first quarter of 1932 by the Japanese invasion of Manchuria and Shanghai. During the second quarter of 1932 the excess of imports exceeded the quartely average for 1931 by approximately 60,000,000 Hk. Tls., an increase of 45.87 per cent Compared with the first six months of 1931, the excess of imports during the first half of 1932 shows an increase of 18.4 per cent. It is not possible to estimate accurately the final balance of trade for 1932, but, judging from last year's figures, it will probably be more than 620,000,000 Hk. Tls. on the import side.

It is believed by some that an unfavorable balance does not affect the prosperity of a country, but in the case of China, the following three points have to be considered. (i) Great Britain and Japan, though each having an unfavorable balance of trade, are industrial countries. Agricultural countries usually export more than they import, if they have any economic prosperity to boast of. China is decidedly an agricultural country, not an industrial one. The imports of an industrial country consist mainly of raw material, while those of

an agricultural country are mostly finished products. This difference in the nature of the goods imported produces quite different results. (ii) Countries like Great Britain and Japan enjoy a considerable amount of invisible income, such as returns from shipping and other services, oversea investments, etc., so that the disadvantages of an unfavorable balance are to some extent counter-balanced, yet even these countries are now setting up high tariff walls to protect their own industries. In the case of China, the income derived from remittances from Chinese oversea, cultural investments by foreign missions, and expenditure by foreign troops in China amounted to 463,000,000 Hk. Tls. annually, according to the estimate of Mr. Tsuchiya, of the Mitsui Bank, while another estimate puts the total at 350,000,000 Hk. Tls. In recent years, however, owing to the worldwide economic depression and to political disturbances in China, the sum derived from these sources must be far below these estimates. (iii) Customs records show that since 1863 China has only in six years had a favorable balance of trade. Since 1877 imports have always exceeded exports. From 1868 to 1931 the total excess of imports amounted to 5,890,766,595 Hk. Tls., and deducting the sum of six years' favorable balance, the net excess is 5,865,938,826 Hk. Tls. It would be ridiculous to believe that the outgoing of this huge sum has been made good to any appreciable extent by invisible sources of revenue.

There is a distinction to be made between the nominal volume of trade and real trade. The nominal volume is the total value of trade in terms of money, while real trade means the nominal volume of trade corrected according to price indices. Since prices fluctuate considerably, the nominal volume of trade cannot indicate accurately its real volume. For instance the nominal volume of trade, being in terms of money, will be greater if prices rise, though the actual quantity of goods handled may remain the same, or even decrease. Thus, in order to arrive at the real volume of trade we have to correct money values according to price indices, inasmuch as we cannot invent a new unit which can adequately include every commodity.

When prices rise, the increase in the volume of trade in terms of money is more apparent than real, as the quantity of commodities transacted does not increase proportionately. Prices of imported goods have risen very considerably in recent years. In 1931 they were about 50 per cent higher than in the previous year, while the monthly indices of the first six months of 1932 stood around 139, compared with the average monthly index of 1931. The average index number for exported goods was 107.2 in 1931, and during the first six months of 1932, monthly indices for exported goods varied between 90 and 100. When the nominal value of imports and exports are corrected according to these indices, it is seen that China's export trade during the last half year was only 70.80 per cent of the semi-annual average of 1931, and her import trade did not increase so much in volume as the apparent increase in nominal value would seem to indicate.

In recent years, as the result of the world-wide economic depression, international trade has shown a downward trend. According to some estimates, the volume of world trade decreased about 20 per cent in 1929 and 1930. In 1931, though no accurate figures are available, it must have decreased about 40 per cent. China's foreign trade showed a decrease of about 40 per cent in 1932. This year, despite the fact that the nominal value of imports is greater than that of 1931, the real volume of imports has diminished, as shown by the above table, which would present similar results even if the figures were expressed in United States currency, as there has been no great variation in the exchange rate between China and that country.

## PRINCIPAL EXPORT AND IMPORT LINES

During the first two quarters of 1932, China's foreign trade followed much the same course as in previous years, with China spending more on the importation of manufactured articles than on any other commodities. As to exports, foodstuffs and beverages ranked first, as shown in the following table:

| | IMPORTS | | EXPORTS | |
|---|---|---|---|---|
| | Jan.-Mar. | Apr.-June | Jan.-Mar. | Apr.-June |
| | (Percentage of total trade) | | | |
| Food, drinks and tobacco | 33.95 | 31.66 | 40.95 | 44.88 |
| Raw materials and semi-manufactured articles | 26.91 | 24.62 | 32.00 | 26.75 |
| Manufactured goods | 37.58 | 41.36 | 25.85 | 24.94 |
| Miscellaneous | 1.56 | 2.26 | 1.20 | 3.43 |

CLASSIFIED LIST OF PRINCIPAL IMPORTS AND EXPORTS

| COMMODITIES | IMPORTS (Customs Gold Units) | | EXPORTS (Hk. Tls.) | |
|---|---|---|---|---|
| | Jan.-Mar. | Apr.-June | Jan.-Mar. | Apr.-June |
| FOODS, DRINKS AND TOBACCO | | | | |
| *Foods*:—Cereals | 37,888,176 | 53,144,495 | 6,814,129 | 10,135,310 |
| Beans and other cereals | 166,578 | 215,185 | 25,515,348 | 23,303,627 |
| Flour | 11,244,020 | 10,133,996 | 1,302,536 | 1,128,071 |
| Sugar | 12,264,422 | 15,345,619 | 6,329 | 4,197 |
| Vegetables | 452,003 | 531,066 | 1,690,905 | 1,450,602 |
| Fruits | 1,018,487 | 1,172,501 | 1,121,040 | 496,262 |
| Nuts | 103,345 | 65,376 | 5,979,781 | 8,879,664 |
| Confectionery | 888,907 | 972,369 | 40,585 | 40,089 |
| Living animals | 25,270 | 61,328 | 1,335,665 | 1,839,465 |
| Meats | 503,064 | 584,576 | 1,600,875 | 988,216 |
| Egg and egg products | —— | —— | 3,852,073 | 10,112,998 |
| Fish and fishery products | 5,293,168 | 3,717,201 | 853,260 | 713,255 |
| Salt | 6,294 | 6,258 | 631,035 | 879,882 |
| Other food-stuffs | 1,311,603 | 1,619,251 | 1,768,763 | 1,706,696 |
| *Drinks*:—Tea | 211,729 | 264,506 | 3,518,519 | 7,460,882 |
| Wine | 1,087,965 | 1,709,297 | 129,232 | 137,282 |
| Other Drinks | 68,844 | 173,057 | —— | —— |
| *Tobacco*: | 7,405,068 | 3,014,631 | 1,631,043 | 996,752 |
| Total | 79,938,943 | 92,730,712 | 57,791,209 | 70,273,250 |
| RAW MATERIALS AND SEMI-MANUFACTURED GOODS. | | | | |
| *Textiles*:—Cotton | 32,968,221 | 41,476,774 | 4,408,527 | 2,367,175 |
| Wool | 97,229 | 85,945 | 1,799,781 | 1,783,868 |
| Silk cocoons | —— | —— | 37,231 | 68,013 |
| Other textile materials | 444,564 | 398,028 | 908,957 | 540,271 |
| *Fuel*:—Solid | 2,942,580 | 2,623,138 | 5,798,596 | 5,716,290 |
| Liquid | 18,267,174 | 17,316,588 | 421,773 | 215,213 |
| *Wood and timber* | 2,816,713 | 3,818,792 | 539,141 | 610,508 |
| Hides | 34,120 | 33,429 | 1,033,279 | 843,887 |
| Ores | 39,730 | 28,496 | 338,125 | 665,749 |
| *Seeds and oils*:—Seeds | 48,100 | 48,804 | 2,313,919 | 2,386,885 |
| Oils | 1,808,193 | 2,489,288 | 8,137,530 | 7,595,057 |
| *Other Articles for consumption* | 1,018,055 | 1,374,930 | 1,711,376 | 1,716,033 |
| *Other Articles for production* | 1,883,260 | 2,432,601 | 17,209,461 | 17,382,749 |
| Total | 63,367,909 | 72,126,807 | 46,158,536 | 41,891,698 |
| MANUFACTURED GOODS | | | | |
| *Textile Manufactures*:— | | | | |
| Cotton goods | 12,917,267 | 23,479,032 | 2,628,850 | 3,038,124 |
| Cotton yarn | 3,781,956 | 3,635,427 | 4,601,280 | 4,440,299 |
| Wool and cotton unions | 116,163 | 118,439 | —— | —— |
| Woollen goods | 1,795,506 | 2,735,481 | —— | —— |
| Silk | —— | —— | 6,515,256 | 7,000,459 |
| Silk goods | 147,784 | 335,764 | 4,174,086 | 4,847,158 |
| Other textiles | 4,195,303 | 10,498,713 | 4,304,842 | 5,622,472 |
| *Machinery*:— | | | | |
| Communications | 7,596,898 | 8,916,063 | 23,025 | 45,100 |
| Railway materials | 1,794,126 | 1,192,693 | —— | —— |
| Vehicles | 2,601,755 | 3,470,111 | —— | —— |
| Ships and boats | 112,833 | 298,338 | —— | —— |
| Aeroplanes, etc. | 231,661 | 316,126 | —— | —— |
| Posts and telegraphs | 1,393,266 | 622,225 | —— | —— |
| *Minerals*: Iron and steel | 7,857,279 | 9,496,279 | 153,642 | 194,332 |
| Pig iron | 380,057 | 396,638 | 1,660,723 | 2,907,430 |
| Cutlery | 371,603 | 550,914 | —— | —— |
| Copper and brass | 815,803 | 1,234,134 | 137,048 | 142,605 |
| Antimony | —— | —— | 563,830 | 489,121 |
| Other metals | 4,660,660 | 6,115,541 | 681,221 | 507,887 |
| *Electric and gas plant*: | 1,936,971 | 2,575,915 | 132,836 | 206,975 |
| *Chemicals*: | | | | |
| Pottery, chinaware, etc. | 3,026,933 | 3,463,813 | 791,575 | 1,246,421 |
| Leather and skins | 975,710 | 1,073,609 | 4,814,359 | 6,322,554 |
| Dyes and pigments | 5,448,847 | 5,866,055 | 494,737 | 56,073 |
| Paper | 7,500,305 | 8,484,853 | 817,796 | 617,834 |
| Medicines | 1,494,326 | 1,670,722 | 37,023 | 37,027 |
| Other chemicals | 7,389,610 | 13,239,849 | 1,099,132 | 1,401,532 |
| *Other manufactured goods*: | | | | |
| Educational supplies | 1,954,697 | 2,471,346 | 366,314 | 392,248 |
| Household articles | 1,792,681 | 2,932,160 | 972,538 | 866,769 |
| Others | 6,187,076 | 5,933,152 | 1,517,750 | 1,821,637 |
| Total | 88,479,216 | 121,143,433 | 36,488,863 | 42,214,057 |
| MISCELLANEOUS: | 3,665,411 | 6,891,442 | 1,698,277 | 2,170,661 |
| GRAND TOTAL | 235,451,509 | 292,892,394 | 141,136,885 | 156,549,688 |
| | (C. G. U.) | (C. G. U.) | (Hk. Tls.) | (Hk. Tls.) |

Careful analysis of the above table shows in the first place that China is still depending—as she will continue to depend—upon foreign countries for the supply of finished products, and in the second place that there has been an apparent breakdown of her rural economy during recent years, as revealed by the considerable amount of agricultural products brought into the country. China is losing her position as an agricultural country, at the same time gaining no ground in the industrial world.

Another fact revealed by the above figures is that cereals lead the list of imports, followed by cotton goods, cotton yarn, cotton, wheat, flour, sugar, paper, etc., while among the principal articles of export are silk, tea, egg and egg products, beans and other cereals, cotton, cotton yarn, ground-nuts, oils, etc.

*(To be continued)*

# Chinese Government Railways

## Shanghai-Nanking and Shanghai-Hangchow-Ningpo Lines

**From Shanghai to Nanking: 311.04 Kilometers**

**From Shanghai to Hangchow: 189.57 Kilometers**

The Shanghai-Nanking Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

# Oriental Monroe Doctrine Is Japanese Dream

*(From the Review's Tokyo Correspondent)*
*(Translations from various Japanese publications)*

### Establishment of the Oriental Monroe Doctrine

(Editorial—*Central Review*)

WHATEVER may be the result of the Geneva conference regarding Manchukuo, Japan will flatly refuse to recognize any conciliatory proposal which runs counter to the accomplished fact and constitutes interference in our freedom of movement. No more do we put up with intervention in the Orient in matters relating to the welfare of the Orient, and in this way the Oriental Monroe Doctrine will gradually add vividness to the coloring.

The establishment of the Oriental Monroe Doctrine is absolutely necessary both for peace maintenance in the Orient and for happy life of the inhabitants. We have had unbearably bitter experiences in the past in being kept uneasy by the threatening influence of the Occident ever seeking its outlet in the Orient. One false step would certainly make us tumble into the hell of slavery; even if we could stand on the same footing it was the invariable practice of the Occident to tighten its merciless grip on us until we were completely exhausted — being compelled to make desperate efforts for nothing. The modern history indicates that true peace and happiness in the Orient will not sprout until we are united to check the advance of the unjustifiable oppression of the Occident. We are glad that with the outbreak of the Manchurian incident we are enabled at last to see the long cherished yearning of ours beginning to see the gleam of light.

What requires our special attention here is the fact that the founding of the Doctrine does not immediately serve to be a guarantor of the Oriental peace and welfare; the Doctrine is fully qualified to function only when it is provided with sufficient power to guard against foreign invasion.

The realization of the Oriental Monroe Doctrine has dawned at last. We all welcome the signal of its arrival, yet whether it grows up true to our ideal or proves a nuisance to our posterity depends on the attitude we assume.

### Check the Eastern Advance of the Occidental Bloc

(By Commerce Minister—*Tokyo Nichi Nichi*)

The international economic blocs and tariff war have cast a dark shadow upon Japan's established economic principle in bringing up the State as an industrial country and pushed it further into the vortex of business depression. Already there have been established blocs in America, Russia, among countries in Europe and between Britain and its dominions. Each of these economic blocs aims at disposing of the surplus of its products in the market of Asia. But, inasmuch as younger socialistic nations in Asia are within the sphere of influence of Japanese manufactures, these four blocs, closing the door and advancing to the Asia market are a great menace to Japan's policy of industrialization. This vital impediment to our healthful progress must be met by another bloc of the Far East, namely, the Far Eastern economic bloc supported by Manchuria, Mongolia, Chosen and Japan proper. Unless, therefore, the Japanese capital makes positive advance to Manchuria and Mongolia for their exploitation, the European and American blocs would smash up the Far Eastern bloc before it is completed and place it under their influence. What requires our serious attention is this. To successfully cope with these swelling menaces we are duty bound to find outlet of our surplus population in Manchuria and Mongolia and at the same time to convert them into suppliers of material to our industry and a market for our manufactures. This is the only way to the consolidation of the foundation of the Far Eastern economic bloc.

### Internationalization of Politics and Asia Monroe Doctrine

(By Hiroo Sasa—*Keizai Ohrai*)

One of the most outstanding caracteristics of modern politics lies in the tendency that domestic politics are internationalized and that inter-national politics greatly influences national politics. Especially in the cases of principal Powers their real state of internal politics can never be fathomed without the effort of studying the subject in the light of international complications. This tendency is very well exemplified by the recent attitude of Britain and France taken toward Germany resulting in the loss of balance in the domestic politics of Germany. Indeed, it is not too much to say there are no national policies that are not international.

The same is safely applied also to the conditions in the Far East. Before our eyes, are developed delicate relations among Britain, America, France and Japan with the Chinese market as the center of their activities. To this already subtle atmosphere Russian influence is added from a different standpoint.

Germany is a melting-pot of Europe while China is another in Asia; arround these two melting-pots revolve the political dramas of the nations interested, refuting, compromising or conciliating.

Cutting the yoke of tangled international connections there is appearing the tendency of bloc formation on a limited area, such as the economic bloc of Europe, American Monroe Doctrine and the Asia Monroe Doctrine. The last mentioned is now vigorously demonstrated in our country. This trend, however, is better classified as a political ideology than taken as a phenomenon of practical politics. It is a sort of political idea. Naturally this ideology can be regarded as a kind of slogan of nationalism or imperialism. (The above is the version of the prelude to Sasa's article on the Democrats' administration of America. This I adopted in consideration of the writer's popularity—*Translator*).

### Establishment of Eternal Peace in Orient

(By Lieut. Gen. Araki—*Jitsugyono-Sekai*)

The independence of Manchukuo should never be regarded from such a narrow viewpoint as the outbreak of the Manchurian incident or relevant questions that followed, but must be studied from the broader field of vision that the two countries of Japan and Manchukuo have long been placed historically in an inseparable position in the Orient. Viewed with this fact in mind the phenomenal independence causes us deep emotion and makes us feel as if the ideal which we have long been yearning after has been realized.

With its aim fixed at peace establishment in the East Japan has made a long journey paying no small sacrifice due to manifold stambling blocks. It is the fruit of this painstaking endeavor of Japan that the new state saw the light of day nourished by historical and natural environments. Therefore the two nations ever mindful of this spirit should spare no effort toward promoting mutual prosperity and longevity.

No doubt the political situation moved favorable to the formation of a new state in Manchukuo, yet it is nevertheless uncontested that it was also created by the awakening Asia and by the spiritual regeneration of the Japanese nation which stands for consciousness and culture of Asia. This is as it were force majeure and is quite beyond the reach of other Powers' attempt to interfere. Probably by this time the world has seen through the fact of this reality.

### Japan-Manchukuo Economic Union and an Asiatic Leagu

(By Dr. S. Sakuda—*Economist*).

The economic "League of Asia" has little possibility of realization. In our country we often hear of the advisability of the league but those countries which are expected to support it are devoid of self-sustaining element. Remembering that for the sustenance of the league our nation's taking the lead is to be counted on, we find ourselves still unqualified in this respect. Some propose the formation of an Asiatic league from the viewpoint of cultural development, but this is identical in form with the Soviet's league. Our concentrated attention should in immediate future be directed to the stabilization of national economy and the enhancement of culture within the country. In looking back upon the long trail of our cultural progress in the past and in hoping for the abundant crop we shall reap in future from what we have sown, how can we launch upon a

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movement of expanding such a "vast and poor" influence as is planned by Soviet Russia?

It is for Japan economically unavoidable that she is called upon to help Manchukuo's independence and form a league with it. If fortunately the proposed Japan-Manchukuo economic union proves to be sufficiently powerful to place our national economy on a sounder basis, there is no need of going further to the Asiatic league; it is only when we find the smaller union inadequate that we find reason to seek refuge under the larger.

What is essential to the healthy growth of economic relations between the two countries is "free communication." Already there are even those who are apprehensive of the result coming from the removal of tariff barrier, yet in my idea it is not so very difficult a proposition to take off all such obstacles to level the path for smooth functioning of "free communication." Rather I am anxious about the possible difficulty in enlightening the weak-kneed among home industrialists on the motive of our country's making a decided advance to Manchuria and on the inevitability of conducting a drastic reform in our industrial system to successfully meet the much feared oppression from Manchuria. Those who grumble about a particular trade such as coal or iron make us wonder for what in the world Japan had to willingly endure the notoriety of an imperialistic aggressor in making the decided advance into Manchuria. (The writer is a professor of the Kyoto Imp. Univ.—Trans.)

### Economic Foundation of the Oriental Monroe Doctrine

(By Teruo Imura—*Gaiko Jiho*)

The creation of Japan-Manchukuo economic bloc is inevitable in view of the general trend of economic monopolism, and at the same time it is also unavoidable that as a natural result of the bloc system foreign products will gradually lose both Japanese and Manchukuo markets in favor of the countries forming the bloc. Especially noteworthy is the possible blow to those countries which have been supplying us with industrial material which could be more conveniently and cheaply supplied from Manchukuo. From this reasoning it is certain that the material hitherto being imported to our country from China will be replaced by the supply from Manchukuo in the event of the bloc being consummated.

The country which the contemplated Japan-Manchukuo economic bloc will bring the severest blow to bear upon will be China. This is endorsed by the fact that, as the new state will begin with developing its farm industry, the Chinese export trade not only to Japan but also to other directions will be very much handicapped: (1) the Chinese goods on the Japanese market will be completely swept away at the advent of similar goods on the market from the new state (2) the Chinese products on the Manchurian market will gradually disappear unlike those of advanced countries which will flourish with added activity with the restoration of peace within the new state. Of course it may be unreasonable to anticipate a heavy decrease of Chinese exports to Japan in immediate future, for Japan on her part must depend on them for some time, but those to Manchuria will undoubtedly be subjected to a heavy blow for they are mostly made-up goods. On the other hand we cannot overlook the damage to Manchukuo's exports to China proper, but judging from the district where they are consumed—mostly southern China—we are pretty sure they may escape the death-blow. Hitherto over 30 per cent of Chinese export trade has been done by Manchuria and one third of the imports into Manchuria has been from China proper. In addition to the inseparably large interest which China has in Manchukuo the fact that it imports material from and exports manufactures to the country will serve to nip the Chinese cotton spinning and other industries in the bud in the event of the designed bloc having come to see the light.

### Orient, Stand on Your Own Feet!

(By Tamaki Hanzawa—*Gaiko Jiho*)

We sincerely regret that we had to shift part of our Manchurian burden on the shoulders of European statesmen. That they are now placed face to face with unprecedentedly large crises at this time is all clear to us. To be frank, this extra burden they are compelled to shoulder is the product of their own make; they could have disposed of such a matter offhand and have by this time despatched a representative to Manchuria. Was not the League of Nations dragged further into the issue fanned up by American politicans who have fallen from power. Was it not the common aim of European countries to make them shoulder part of their reconstruction burdens by winning their favor through taking part in the instigation? To cite an evidence, we may point to the unnecessary complications which the League brewed and into which the League entangled itself egged on by American influence. It is even surmised on this score that the Lytton report had to make such distorted statement in order to keep such American politicians in countenance. It is these politicians in Europe who drove the otherwise peaceful negotiations of the Sino-Japanese questions into unlooked for complications simply in order that they might win American favor and thereby enhance reconstruction work of their own countries. Whether it is timely or not, the League has become aware of its unrewarded service toward America and to see the pitiful defeat of the American instigators. We advise the League to alter its attitude toward the Sino-Japanese question so that it may leave its good name in the history of the world.

### Is Asiatic Monroe Doctrine Justifiable?

(By Dr. Y. Takagi—*Recreation*).

With the advent of the Manchurian question we have often heard directly or indirectly of the insistence of the Asia Monroe Doctrine in our country. I am not without due understanding and sympathy toward the newly born insistence of socalled "assertive diplomacy," but in coming to the conclusion I am not altogether in accord with the general view. To ignore the movement of internationalism which has been making slow but steady progress ever since the European War, must be tantamount to dealing a death-blow to the world's vigorous preparation for making a great stride of progress. Our compatriots are now face to face with the most important task of grasping the truth.

Ever since the Manchurian incident in autumn of last year I could not but feel the spirit of "Manifest Destiny" permeating throughout the Empire. The "Manifest Destiny" which constituted the background of the Americans who made a phenomenal expansion in the early part of the Nineteenth Century, find no few analagous points in Japan of today. That the Manchurian question is an inevitable consequence of the safe existence and development to which the Japanese are destined, has come to be reborn with added vitality in the national consciousness followed by a fresh aspiration for the establishment of an Asia Monroe Dictrine for the welfare of the Asia. Before passing a judgment on these questions it is necessary for us to study the historical facts relating to these principles and faiths which created the motive power of territorial expansion of America. (The writer then dwells upon the history of American expansion beginning with the purchase of Louisiana but this section is omitted here—Translator)

The amalgamation of Texas, advance to California and the Cuba policy, etc., all these movements were backed by strong motives of national aspiration, and the idea which used to regard these policies and movements as capitalists' plots was altogether erroneous. In "Manifest Destiny" there was implied even such spirit that "by cultivating the virgin soil liberty, order and civilization should be brought to the inhabitants." In a word, greater America was the result of uncheckable natural growth of a youthful nation; it was in the period of the unrestrainable biological expansion of Americans.

## Shanghai Chamber Nominates Arbitration Board

In accordance with article 16 of the revised Law governing the settlement of Disputes between Capital and Labor, the Executive Committee of the Shanghai Chamber of Commerce, on Dec. 19, nominated the following 31 persons as candidates for membership on the Board of Arbitration: Wang Hsiao-lai, Wang Yen-sung, Lu Wen-shao, Lo Ching-hua, Chu Wen-chi, Pei Sung-sun, Chen Che-ching, Cheng Tse-nan, Ma Shao-chuan, Fan Shu-sheng, Yu Tso-ting, Chen I-chou, Ma Chi-liang, Wen Lan-ting, Lao Ching-hsiu, Chen Sung-yuan, Chiang Chih-kang, Tu Yueh-sheng, Fang Chiao-po, Pei Yun-ching, Yeh Chia-hsing, Lufei Po-hung, Wang Hsien-hua, Hsu Chi-ching, Wang Yun-wu, Ko Chieh-cheng, Hsieh Chung-lo, Lu Po-hung, Li Wen-chieh, Ko Kan-cheng and Tsai Jen-shen.

## The Checkered Career of the "Japan Times"

*From the "Japan Chronicle" (British Newspaper in Kobe)*

The *Japan Times*, the longest lived of any of the newspapers which have from time to time been published in English for the purpose of supplying foreign readers with what it is expedient that they should know about Japan, closes one more chapter in its checkered career. The checkers have been light or dark according to the success or failure from time to time in obtaining subsidies. Sometimes lump sums of money have been put into it, only to be sucked out by journalistic adventurers whom the honey attracted. S. Sheba, a Hawaiian Japanese, has held on to it as long as anybody, but the other day he distributed to all interested a long farewell in which he said that he had hoped to live and die with the paper and to have his son succeed him; but he had come to the conclusion that the paper was greater then any man's life, so he had decided to retire—apparently with his son. He went on to confess that no subsidy had been forthcoming since the Tanaka Government fell, and that this also contributed to his changing of plans for the future. It is believed further help has been promised to the paper, but only on condition that there was a change of direction. Whether the adopted son of Dr. Nitobe, whose name figures on the paper as Editor, is also involved in the change is not mentioned; but it is understood that Hitoshi Ashida, a member of the Diet and formerly of the Foreign Office, will be in control. Mr. Ashida is a gentlemen of great ability and much charm of manner, so perhaps he will be able to rescue the paper; but, published simply for the purpose of disseminating reading matter which is supposed to be "advantageous to Japan," it always finds existence difficult. If all the money that has been put into it since its foundation, (without its doing Japan the least bit of good) were presented to the Finance Minister to-day, it would not go far, perhaps, towards balancing the budget, but it would be enough to cheer up a rather harassed Minister.

## Opium Publicly Sold in Kiangsu and Kiangsi

A recent circular issued by the National Anti-Opium Association of China (Garfield Huang, general secretary) states that opium suppression in China is doomed to result in a practical failure. Treating of the situation in Kiangsu and Kiangsi, Dr. Huang says that at Chinkiang, the site of the provincial government, public sale of opium is carried out with perfect impunity at Foong Shen Temple where one Mr. Feng acts as the chief of the Bureau. Opium sold at this office is largely transported from Hankow. On landing, it is protected and escorted by soldiers and constables.

Opium sold at Shanghai is largely transported from Hankow. There are six sample copies of opium stamps distributed among military and police circles. Free passage is granted opium upon examination of the required stamps. It was expected by the authorities that 600,000 yuan a month would be collected at Shanghai, but the actual acquisition amounts to only 240,000 yuan.

Kiangsi is "not dilatory in following Kiangsu's footprints in this thriving business," the Association's circular states.

## Huge Seizure of Morphine in France

A staggering blow has been dealt to the European drug traffic by the arrest in Paris of two of the biggest wholesale dealers in Europe and the seizure of drugs valued at £80,000. These drugs were discovered in the possession of two Turks, one of whom, 33 years of age, calling himself a commercial traveller, who on being asked to show his identity papers opened a case to find the documents. Ninety pounds of morphine were found concealed in the case.

## Abolition of Tael System Will Be Delayed

The abolition of the tael system will not materialize in the near future, according to the *Shun Pao*. The main obstacles in the way of a change are the native banks, who prefer to maintain the system because they are trained to handle business in terms of taels. Another obstacle is the failure of the Central Mint to coin new silver coins in time owing to the delay in the arrival of machines from America.

[Possibly another reason why the banks oppose the change is that they will lose the revenue which comes from changing back and forward between taels and dollars, which is a regular feature of everyday business life in China.—Ed. *C.W.R.*]

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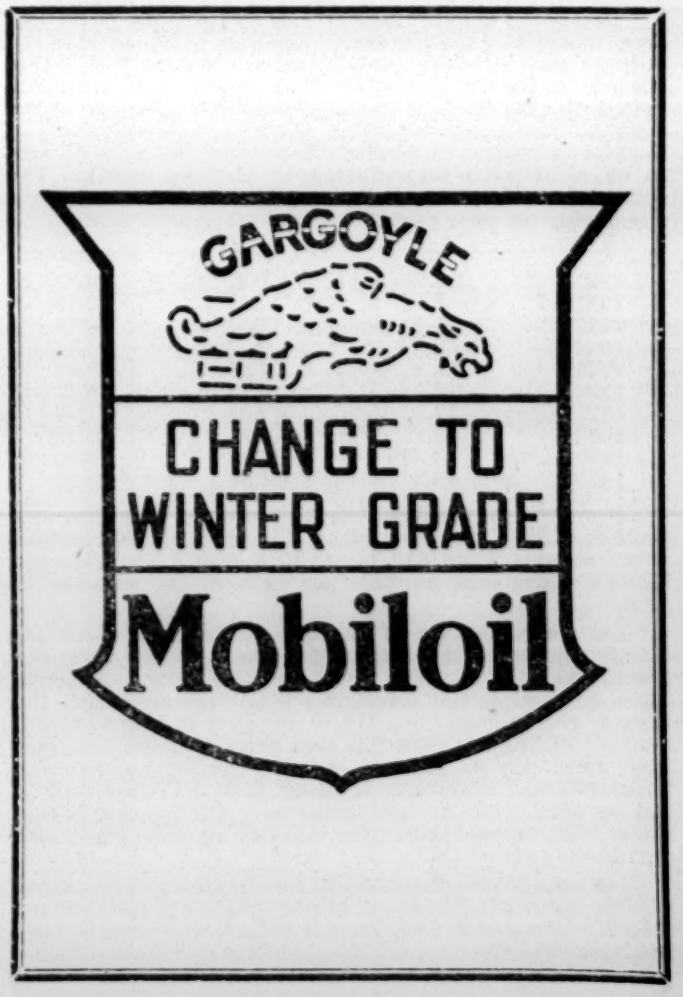

# III Effects of the Present Rice Situation

BY PAUL K. WHANG (汪仲芳)

CONTRARY to the general belief, good harvests are having the same repercussions on the rural population as bad ones. In one case, the farmers have reaped so plentifully that their products are no longer demanded by the market; and in the other case, the farmers have not procured enough to pay their rentals or even to feed their mouths. Though comparatively speaking the farmers in the first case seem to be much better off than those in the second, yet in both cases they are in a plight, because they have not secured sufficient monetary returns to remunerate their labor.

For the past few years, the American farmers in the Mid-West have been clamoring for relief, because the cotton and wheat crops have been so good that their supply has very much exceeded their demand. The upshot of this excessive supply is that the prices of cotton and wheat have dropped so rapidly and drastically that the government has to resort to the practice of burning off some of the superfluous cotton and wheat in order to boost up their prices. But in spite of this, the distress of the American farmers has not been very much relieved.

China is now faced with a similar problem in regard to her rice supply. During the past few years, because of the natural and man made calamities, China was faced with a shortage of rice supply, and on many occasions she had to import foreign rice from Saigon and Siam to make up her deficiency. It is not a little ironical that a country which is known as the greatest producer of rice should depend upon foreign rice to feed her millions. The following table shows the annual imports of rice during the past few years.

| | Piculs | Taels |
|---|---|---|
| 1924 | 13,198,054 | 63,248,721 |
| 1925 | 12,634,624 | 61,041,505 |
| 1926 | 18,700,797 | 89,844,423 |
| 1927 | 21,091,686 | 107,823,244 |
| 1928 | 12,656,254 | 65,039,232 |
| 1929 | 10,824,165 | 58,986,084 |
| 1930 | 7,131,629 | 44,887,195 |

Because of the shortage of rice supply, its price had been steadily on the increase. The high price of rice not only caused considerable discontent among the poorer classes, particularly the working people, but was also responsible for much of the labor unrest in all parts of the country. On many occasions, the city governments had to devise measures to regulate the supply and price of rice so as to alleviate the sufferings of the poor people. The following table shows the average price of common grade rice during the past years:

| | January | June | December |
|---|---|---|---|
| 1921 | $ 8.90 (per shih | $10.25 | $ 9.99 |
| 1922 | 9.81 of 200 | 11.81 | 10.11 |
| 1923 | 11.01 pounds) | 11.52 | 10.38 |
| 1924 | 9.87 | 9.73 | 9.14 |
| 1925 | 9.26 | 10.85 | 12.67 |
| 1926 | 12.94 | 16.29 | 15.41 |
| 1927 | 17.20 | 17.95 | 11.95 |
| 1928 | 12.15 | 12.30 | 13.35 |
| 1929 | 13.47 | 14.17 | 16.70 |
| 1930 | 18.32 | 21.00 | 14.25 |

From the above table, it should be noted that since the summer of 1925 up to the end of 1930, the price of rice was never cheaper than $10. per shih, and that it reached the highest watermark at $24. per shih in the summer of 1930.

Last year, because of the disastrous flood which inundated parts of the sixteen provinces, it was generally feared that the harvest would be very much affected. Thus as soon as the disastrous flood was appeared, the price of rice jumped from $15.50 per shih in July to $18.90 per shih in August. But this high price level did not last long, inasmuch as a large quantity of foreign rice was imported and the harvests in many districts were not as bad as they were at first reported. The following table shows the average price (per shih) of common grade rice during the year of 1931;

January $13.85, February $13.65, March $13.60, April $12.70, May $14.60, June $14.60, July $15.50, August $18.90, September $17.90, October $17.80, November $15.30, December $14.80.

In anticipation of huge profits, many speculative merchants upon learning the disastrous consequences of the flood, placed orders with the Saigon and Siam merchants. The quantity thus ordered and later delivered to the Shanghai merchants must be enormous, because before the present harvest season it was reported that the local godowns were loaded to the capacity with foreign rice. But to their dismay, the price of rice, after a sensational jump in the wake of the flood, rapidly declined and restored to normalcy by the end of the year. As a result, many rice merchants, who paid high prices for foreign rice, have lost heavily, and many rice shops have declared bankruptcy.

The harvest in Hunan this year has been unusually good, so that the authorities of that province have lifted the ban on its exportation. In the months of September and October, river ships and tugs have been chartered by the rice merchants to transport rice from Changsha to the lower Yangtsze ports. Hunan has been reputed as the most productive center of rice in China, and formerly it always had a surplus to supply other provinces. But recently because of the frequent internecine warfare and communist uprisings, many of its productive lands have been laid waste, and its rice supply has fallen off drastically; and therefore the provincial authorities have to ban the exportation of rice.

The harvests in otherr ice-producing districts are equally good. So far we have not yet the means to ascertain the total quanity of rice produced this year, but suffice it to say that it must be above the normal production. As a result, the price of rice has dropped so low that it is now sold at around nine dollars per shih—a price we have not seen for the last ten years.

This sudden fall in the price of rice within a few months—which may prove beneficial to the working class—have brought ill consequence to the money market and to the farming population. As I have said before, those speculative rice merchants who have had foreign rice on hand have been faced with the difficulty of disposing of their stocks even at a loss, and the banks which advanced money on rice with a safe margin last year have now discovered to their alarm that the mortgaged cargo is worth only as much as 60% of last year's value according to the present market price. The banks can not foreclose their mortgaged rice to protect their interest, but in case of bankruptcy being declared by the rice merchants they must share the losses. Cases of bankruptcy have been numerous of late, and the losses to the bankers in Shanghai and elsewhere must be enormous.

### Low Price of Rice Hits Farmers

In Kiangsu and Chekiang, where the harvest season comes later then that in other provinces, the farmers have been especially hard hit because of the prevailing low price level. Nay, they have met with hardship in disposing of their crops, when the rice merchants have generally entertained the fear that the price of rice will decline further and have guarded themselves not to invest any more money in rice. As a consequence, many of the farmers can not find an outlet for their rice, and in many instances have to pay their rentals in kinds.

In proportion to the fall in the price of rice, the monetary returns of the farms have decreased as much. This decrease in monetary returns has reacted greatly upon the rural economy, which was already in bad shape as a result of the failure of the cocoon crops during the past few years.

In Soochow, where most of the city dwellers are the proprietors of farms in the neighboring villages, the business condition has already been very much affected by the present rice situation. In normal years, after the harvest season, the landlords and farmers would all have money to spend, and extra helps would be engaged by the store-keepers to take case of increased business. But this year, the landlords have a little left after paying the land tax which must be in cash; and the farmers with unsold rice on hand have not the means with which to pay for knick-knacks. Thus the store-keepers of that city have already felt the pinch of this unhealthy state of affairs.

What is true of Soochow is also true of other cities in rice-producing districts. Therefore if we take a long view of the situation as a whole, we are safe to say that the present rice situation will have a perfidious effect upon the national economy. Inasmuch as China is primarily an agricultural country, the prosperity of the nation still depends much upon the well-being of the farming population.

In face of the difficulty of disposing of their rice, the farmers will have to resort to the long discarded practice of bartering their rice for other daily necessities. Some

arrangement along that line should be advised by the government authorities to accommodate those farmers whose world possession consists only of rice.

Although the rice problem has not yet taken on a very serious aspect, its importance, however, can not be overlooked. The central government so far has not undertaken the trouble of ascertaining the exact figures as to the number of rice-eating people and the normal rice production in China. Therefore it remains a question whether the rice production this year exceeds its consumption. It is hoped that the government may spare no efforts in securing this indispensable information, so that, in case of over-production, it can adopt adequate measures to protect the interests of the farming population and to stabilize the national financial conditions.

Shanghai Dec. 21, 1932.

## Marshal Feng Yu-hsiang's Visit to a Fortune Teller

A recent Chinese dispatch from Tsinan stated that Marshal Feng Yu-hsiang in one of his rambles last May came across a Chinese fortune-teller at the foot of Taishan, China's Sacred Mountain, and had his fortune told. The fortunte-teller asked Marshal Feng whether he had any relative in the southwest of Taian by the name of Yu. "I am sure you have such a relative. Please ponder for a while."

As soon as he returned to his retreat on the Taishan, Marshal Feng made enquiries and found that there was a man named Yu who was in the oil business at Tsining and that this man had moved there from Anhui a good many years ago, bringing with him an infant. The upshot of the enquiries was, so the story runs, that Marshal Feng is supposed to have learned that his real name was Tsai Wang. It was stated that the Marshal intended in due course to discard his present name and use the name of Tsai Wang instead.

[To complete this story it is necessary to add that the Chinese newspaper that gave currency to this yarn has since apologized to the Marshal and admitted that the tale was untrue.—Ed. *C.W.R.*]

## Ministry of Justice Denies Extension of District Court Agreement

The revision of the rendition agreement governing the Chinese courts in the International Settlement and French Concession is still under the consideration of the Ministry of Justice, according to Shih Chih-chuan, vice-minister of justice, in an interview given press representatives at Nanking Dec. 18.

Mr. Shih denied the report that the Ministry of Justice and Ministry of Foreign Affairs have accepted a proposal for the extension without revision of the rendition agreements.

In this connection a telegram from Nanking states that significant strides in judicial reforms throughout the country have been made by the Ministry of Justice.

## Author of Hongkew Bomb Outrage Executed at Kanazawa

Yin Hokichi, the Korean author of the bomb outrage at Hongkew Park, Shanghai, on April 29, was executed by a firing squad in the military prison compound at Kanazawa at 7.40 a.m. Dec. 19. The Korean threw a bomb at high Japanese military, naval, civil, Legation and Consular officials while they were celebrating the Emperor's birthday at Hongkew Park a short while after the suspension of the Sino-Japanese hostilities at Shanghai. General Shirakawa, the Japanese military commander, later died of the wounds he sustained, while the Japanese Minister, Mr. Shigemitsu, lost a leg and Admiral Nomura an eye.

## Chang Tsung-chang's Concubines Receive Grants

The quarrel over the division of the estate of the late General Chang Tsung-chang, was brought to a close at Peiping, Dec. 16, when the mother of the deceased general gave each of the concubines who have chosen to leave, $3,000. Five of the concubines, who have borne General Chang children, have chosen to remain with the aged mother and will shortly move with her into another residence of General Chang in the West City. Because they have children to bring up, these five concubines will be given more than $3,000 each.


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# Rehabilitating Central China Districts Recovered from "Reds"

A VIVID account of conditions in Western Hupeh, which was recently freed from "Red" domination is given in a series of articles recently contributed to the *North China Daily News*, by Percival Finch, their special correspondent, who is making a tour of central China. Writing from Peiluchi, Dec. 8, he states that it was here that Holung, the notorious Russian-trained leader, created his own Soviet state with the capital on the score of small islands dotting the Hung Lake, a few miles from Hsingti on the Yangtze.

Two-thirds of the people had fled long ago either before the Communists came or as soon as they could avoid their vigilance. Now that the region has been delivered from three years of "Red" thralldom as a result of the operations of General Chiang Kai-shek's campaign, the people are beginning to return to the land, assisted by organized rehabilitation efforts.

From the Hung Lake with its many islands utilised for housing "government" departments, was administered one of the strangest states that ever existed. It was one of the most efficiently-organised Soviets in China—efficient that is in Soviet methods which reckoned their progress by the sufferings of hundreds of thousands of peasants. This state as posters reveal, described itself as the "Soviet West District." Holung was not the head of the state: he was commander-in-chief of the Red forces, the military brains behind the movement. The head of the state was a simple unlettered Hupeh farmer, a native of Mieyang, assisted by a large number of returned students from Russia and others who headed the departments.

Each little island had some "government" department on it and each was strongly fortified. The lake itself was also protected by earth-works. There was a military academy where lower ranks of the Red army were trained to become officers, an arsenal where rifle ammunition was turned out by returned Russian students, assisted by workers from Hankow attracted by the offer of high wages, a factory, a mint and a hospital besides the usual administrative offices. The "capital" was found to be in good shape although women and children were left behind, subjects of a system which demanded that everybody worked at some task or other. There was also some light artillery and a tiny gunboat, typically named the Lenin, which patrolled the lake.

Communist principles permeated every branch of activity. From these islands in a lake, which is only about three miles across in dry weather but many miles broad in the flood season, the Communists exercised their sway, ever a menace to navigation on the Yangtze and a formidable foe for the Government troops to dislodge until Gen. Chiang threw a large army into the district and surrounded the lake, putting Holung to flight and capturing several other leaders.

### "Red Protection Army"

How the Communists administered the district a tour of the half-empty villages shows. The Red army was the backbone of military power. The soldiers wore common blue cloth uniforms and are reputed to have received eight dollars a month as against the farmer-president who, according to informants who came in contact with the Hung Hu Soviet, received only four dollars a month. A second military category was the "Red Protection Army" which, differing from the well-armed Red army, were indifferently armed with one rifle to about a dozen spears. A third category comprised the conquered people.

The Red army did the fighting but from all accounts the members of the "Red Protection Army" were the terrorists. After the troops had passed through a town or village the "Red Protection Army" followed and saturated the district in either blood or Communism. There were no half-measures. People either embraced Communism and joined the cause or were killed. Men were drafted into the third category of troops or set to work while the women were enrolled in special units for washing, making clothes, nursing and other pursuits.

Wholesale confiscation of food and property, expropriation of land to make communal farms, general despoiling of the houses of the wealthier constituted the general procedure after the people had been properly assessed, which meant execution for the landowners and "capitalists."

Three months ago the surrounding houses near Hsingti were empty but the people are now back. Here the Flood Relief Commission workers had to negotiate with, and employ semi-Communist labor on dyke work, paying out grain as wages as in the case of ordinary labor. The grain was the principal demand for everywhere the Communists, despite their communal form, betrayed anxiety regarding food supplies, which followed the devastation of the villages and the depopulation of the farms through their excesses.

Higher up the Yangtze, beyond Hsingti where the Government troops started their first drive against the Hung Hu horde, lies Peiluchi, one of the reddest of the red districts. Here is to be noticed a typical example of the Red methods. A large white house, the property of a wealthy man, had its roof torn in, walls battered and the interior stripped. Two or three coolies were collecting the bricks and with new beams were repairing it. The Reds, in one of the nightly raids which threw terror into the hearts of the people living along the river, went hunting for the rich man of the village.

Along the road to Chumahdo, a little riverside fishing port and village, in the shadow of a high hill used by the Communists as a lookout, only a fraction of the land was under cultivation as against the full cultivation of other areas lower down the Yangtze. Especially was terrace farming neglected, the little plots cut into the hillside where the thrifty Chinese farmer utilises even the hills for his crops, being waste, agricultural work being confined to the richer plots in the valley.

### Ho Lung's Methods

Chumahdo passed into Communist possession with many examples of Ho Lung's methods. The fragment of a Communist proclamation tells of the official procedure. Dated February 9, 1932, and headed the "Soviet West District," the proclamation, reads, roughly, as follows: All people must obey the orders of the Soviet under penalty of death: rice, wheat, beans and all other foodstuffs must be conserved for examination by the Soviet whereafter all food is the property of the Soviet Government. Nobody is allowed to share or distribute food in his possession; nobody is allowed to speak to a stranger without the Soviet's permission.

The wrecking of the wealthy houses and the temples followed; the fixtures and belongings of the temples were stolen or destroyed. Communist slogans and caricatures have been daubed on the walls probably the work of the sentry in the little look-out post on top of the ridge.

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This special correspondent of the *North China Daily News* has been accompanying the party which is inspecting the dykes constructed under the auspices of the Flood Relief Communission, and is thus in an excellent position to describe the work that has been done.

Starting at Chinkiang, where a small dyke marks the eastern end of the job and virtually the farthest extent of the Yangtze's savage thrust, last year, the continuous line of dyke does not take a definite form until a few miles beyond Nanking and then it is a constant part of the scenery, sometimes obscured by stout old dykes which withstood the flood or have been repaired privately, and sometimes hidden by the huts of farmers who still cling to the land between the Commission dyke and the river, but always in the picture, just like the Great Wall marches ahead of the traveller in the mountains of North China.

As a piece of engineering work it is greater than the Great Wall for whereas this mighty structure was built by 300,000 men over the better part of a century the dyke system in the Yangtze and Central China employed 1,400,000 men and women, for women were also allowed to participate. Adding private effort to this organised effort, probably double this number was employed on a job which had to be completed inside six months in order to prepare for the spring floods. According to T. C. Hsi, Chief of the Engineering and Labor Relief

Division, the total cost of the system was only about $20,000,000 which chiefly went in labor, materials being a negligible amount and operating costs being no more than 7 per cent. The total of combined relief work and subsequent rehabilitation, which includes the purchase of 450,000 tons of grain and its transportation from the United States distributed either as free relief or payment for labor, was $70,0000,000.

Nearest home to Shanghai is the beginning of work across the river from Chinkiang. It is hard to believe that within a few hours' steaming around the corner from snug and safe Shanghai flood havoc of such dimensions could have occurred. The Hwai River flooded in August, 1931, caused a breach of 11,000 metres; in the Grand Canal which connects with the Yangtze at Yangchow across from Chinkiang, and within a short time 4,000 square miles of land east of the Canal were under water. The loss of life was terrible, 2,000 people being drowned in the first ten minutes of the Canal breach. As a result of relief work the district now presents a scene of rural tranquility and comparative prosperity.

### Hills Levelled to Fill Low-Lying Land

In Nanking, hills inside the city wall are being levelled to fill in areas of flooded low-lying land near the river, a light railway being used to transport the earth but this is Nanking's own undertaking. The long line of dykes starts a few miles beyond the capital on both banks and is almost continuous. In the Wuhu district the immense value of the work becomes more apparent for tremendous damage was done here and the flooded area was second only to the Hankow district, in scale of damage. As a rice port tapping the great area of rice-producing land the economic effects added to loss of life were a tragedy of major importance, and in the work of rehabilitation the engineers were faced with tremendous problems arising from the broad sweep of the river.

Proceeding up the river and touching many points, landing by sampan at isolated villages, scrambling up yielding mud banks, tramping through farms and fields to inspect these flood safeguards, the same impression of efficiency is gained.

At one point on the north bank below Tatung where miles of reeds grow as high as kiaoliang—excellent cover for bandits—the last of the dykes is still being built, 3,000 men working on a seven kilometre embankment to protect a large area between the river and the hills some miles inland. Incidentally Mr. Finch tells a touching story of the discovery by Dr. Wu Lien-teh (one of the members of the inspection party) of a lost branch of his own family, and how he assisted in rehabilitating the neighborhood temple.

### The Dykes at Hankow

At Hankow the Flood Relief Commission's work has been largely strengthening and increasing the height of the local dykes. Hankow itself is now surrounded by a dyke 25 miles long and varying in width from eight to 11 metres. On the Bund, the river wall has been strengthened or rebuilt, especially towards Seven Mile Creek where last year there was a big break. The dyke is solidly stonefaced and appears a massive and substantial affair, much stronger than the constructions in rural areas where only earth is used.

A few miles above Kienli, where the Yangtze, after rushing through the precipitous Gorges becomes a series of snake-like evolutions and treacherous mudbanks which are the bane of the river pilot, ends the great Yangtze dyke system constructed by the National Flood Relief Commission. This represents approximately 1,800 kilometres of dykes in the Yangtze, which is less than one-third of the total work in Central China, the Tungting Lake district, the Hwai River basin and the Grand Canal region being responsible for the rest.

The Commission's work in the Valley ends at a point where the last broad, earth dyke connects with a stout old dyke, paved with stone, near Shasi which withstood the force of the flood last year. Generally, from Hankow up the river to the end of the system, the dykes are stronger and broader than below Hankow and many of them are set farther inland depending upon the necessities of the situation.

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Mr. Finch also gave details of conditions in the Han River Valley, where the Communist penetration came within a few miles of Hankow, before effective


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military operations were undertaken three or four months ago.

Only a short distance outside Hankow, a line of burnt bridges along the embankment of the defunct Hankow-Szechuen railway, now used as a motor road, tells of Communist raids and destruction. Before the anti-Red drive, the Han was open for only about 30 miles beyond Hanyang, the rest being impenetrable Communist territory. A map of the area during that period shows extensive areas of Communist control and most of the province subject to raids. Bordering on the Han river where, across on the southern bank the Communists were in their strongest force, the need for additional protection and the re-establishment of a feeling of security have been realised and met by the magistrate who, within two months, has organised a militia 700 strong for Tienmen and a spear corps—the People's Peace Preservation Corps Against Communists—several thousand strong in the country. Nightly patrols are made and at frequent intervals along the road these patrols were encountered. Outposts are maintained at strategic points, little straw huts sheltering the spearmen whose spears, flying a white penant bearing the character "brave," are stuck in the ground outside. Developing this spirit of volunteer service is producing good results, the magistrate claims, but even more rigid precautions are being observed. Travellers at night must carry good citizenship passes and Gen. Chiang's system of "mutual responsibility" is being worked out to a fine degree. This system provides for mutual guarantees of people's loyalty and good citizenship and assists in eliminating suspicious elements. In this way the infiltration of Communist elements and the creation of further disorders are being averted.

Making a trip of 120 miles by land to Yokow and returning to Hankow by the Han River, Mr. Finch was able to get an insight into conditions. The Communists controlled the Han River until three months ago, and in the territory north of the river only a few fortified towns, notably Yokow, Tienmen and Yinghsien, were held by Government troops. The road from Hankow on the Hankow-Szechuen railway embankment skirts a marshy district which was the Communist principal stronghold north of the river, but the rest of the northern area was constantly harassed by the Communists, as the countryside plainly shows. Three months has witnessed a remarkable change in the district around Hankow, the countryside looking normal and the state of the fields promising rich crops. Few traces of Red incursions are to be seen.

## Chiang Kai-shek's Report on "Red" Suppression

The once formidable Communist bandit hordes which for a long period ravaged Central and Eastern Hupeh, Southern Honan and Western Anhwei have been crushed in the short space of four months. This fact is borne out by the detailed report submitted to the National Government on Dec. 19 by Generalissimo Chiang Kai-shek.

The report covers the whole campaign and shows that success crowned the intensive efforts owing to the effective simultaneous employment of political and military measures. By taking the initial step of ordering the Provinces to effect thorough-going internal reform; of giving evidence of rehabilitation of ravaged areas, and of educating the people along lines calculated to promote clean living and clean thinking a measure of substantial confidence and co-operation on the part of the inhabitants such as has not previously existed was established. To promote the welfare of the people and develop political reforms in the emancipated territory a Committee of Party and Civil Affairs was organized, and contributed considerably to the success of the campaign by securing close co-operation between the military, civil, and Party authorities.

The military aspect of the task was carefully planned in the light of past experience, and, at Hankow a Bandit Suppression Commander-in-Chief's Headquarters was established with nine departments under it. The invasion of Manchuria, in addition to temporarily stopping the campaign, naturally continued to affect it, but despite this the operations launched with vigor at the end of June last ended in four months in the complete defeat of the well-organized forces under such notorious Communist bandit leaders as Hsu Shan-chien and Kwang Chi-shun, whose army numbered 70,000 men and 40,000 rifles; Ho Lung and Tuan Teh-chiang with 40,000 men and 20,000 rifles, and Kung Ho-tsung, known as the Red Commander-in-Chief, with 20,000 men and 10,000 rifles.

These enormous hordes, with mountains, lakes and rivers for protection, spread terror and Communism among the lower classes over a vast area and constituted a difficult problem for the Government forces to solve.

The bandits were extremely mobile, used airplanes, motor boats and launches: at certain strongholds established factories, workshops and schools, with an arsenal at one town; avoided fighting in the open wherever possible, and were favored by the excessive heat of summer. Though they depended mostly on guerilla tactics they could not avoid being rounded up by the pressure of the Government forces, and intensive fighting took place in innumerable localities the bandits being invariably defeated and routed, thousands being killed, and all their strongholds (among them Lungkong and Yiensha) being captured with large quantities of military booty, including two airplanes, named "Lenin" and "Marx" at Hsinchih, the centre of Red activities, and two gunboats both called "Lenin," and other large stores of military importance at Hunghu.

The areas hitherto ravaged and oppressed by the bandits have been freed and those remnants who managed to escape to the hills are being pursued with vigor.

## How the Communists Desolated Western Honan

Advices from Western Honan where the Communists have only recently been driven out after they had occupied the region for more than three years state that about fifty thousand people were massacred by the communists at Kwangshan alone, about ten thousand houses destroyed and all fertile lands laid waste. All the wealthy families have either been massacred by the communists or have been driven out of the province.

In the recent operations Shangchen suffered worst. Out of 500,000 people in that city one-fifth were massacred by the communists and 250,000 rendered homeless. The total number of houses destroyed at Shangchen is estimated at 130,000.

### Equal Distribution of Land in Fukien

The Fukien authorities have drawn up definite proposals for the equal distribution of land in western Fukien, following the success of the recent campaign against the communists in that region. It is understood that all land in the territory recently recaptured from the communists was laid waste, no owners having come forward to claim it except some alleged owners who are unable to produce title-deeds to confirm their claims. To prevent false claims and to give the impoverished farmers a chance to earn an honest livelihood, the authorities have decided that the area shall be divided into separate districts and the relative number of farmers and the acres of land in each district shall be clearly ascertained in order to be sure that each farmer shall receive a certain portion of land to cultivate.

## Su Ping-wen Arrives in Moscow

General Su Ping-wen, accompanied by General Chang Tien-chu and ten other subordinates, arrived in Moscow December 16. They received an enthusiastic welcome by many Russians as well as resident Chinese. According to Chinese reports the party entered the Chinese Embassy in Moscow, where Mo Teh-hui, Chinese delegate for the Russo-Chinese negotiations, has been staying for some time since his return from Italy. The question as to whether General Su and others shall proceed to Geneva or not is now under consideration.

### Some of Su Ping-wen's Troops Return to Fight

A recent *Kuo Min* message from Peiping stated that of the 4,000 men under General Su Ping-wen, who had followed him into Soviet territory, a part has arrived at Taheiho and has re-joined the Heilungkiang units under General Ma Chan-shan to resume their resistance against the Japanese. 7,000 units of the National Salvation Army on the western section of the Chinese Eastern Railway have concentrated in the vicinity of Noho via Puhsi. With their support, General Po Ping-san it is stated will launch a general counter-drive on the Japanese in conjunction with the loyal Heilungkiang forces under Generals Ting Wen, Tsai Hungyu and Nan Ting-fang.

## Six Countries Pay War Debts---Five, Including France, Default

Briefly stated the situation regarding the payment of war debts to the United States by European countries as it stood on December 15 was as follows:

Six countries met their financial obligation on Dec. 15 with a sum totalling $125,000,000. They were as follows: Great Britain, Italy, Czecho-Slovakia, Finland, Latvia and Lithuania.

The five defaulting countries whose debt totals $25,-000,000 were France, Belgium, Poland, Esthonia and Hungary.

Kenneth D. McKellar, Democratic Senator from Tennessee, submitted a resolution to the Senate Dec. 16 proposing a passport fee of G$5,000 for all Americans wishing to visit defaulting countries.

American newspapers generally are high in their praise of Britain and equally critical of France's refusal to pay. The more sober American journals express the opinion that in the end the French may change their minds.

### Hoover's Message to Congress on Debts

President Hoover, in a message to Congress, Dec 19 recommended amongst other things, the appointment of a delegation representing both Republican and Democratic parties to the Disarmament Conference with powers given to it to negotiate on war debts as well as armaments.

The cancellation of the debts is not envisaged in his message, but for any reductions which the United States might make, the President clearly indicates that the debtor nations must give a *quid pro quo*. President Hoover expresses the opinion that the first and most fundamental point to attack is the re-establishment of stability to currencies and foreign exchange and there must therefore be concerted international action.

The President believes that the importance of the war debts due to the United States relative to other world economic forces has been exaggerated. He recalled that out of a total of G$125,000,000 due to America in December G$99,000,000 was paid. He shows that except in one country, the taxation required for the payment of the debts owing to the United States does not exceed one-quarter of the amounts imposed to support military establishment, so the cancellation of the debts, in his opinion, would only free larger sums for further military preparations.

### Irish Free State to Repay Republican Loans

The Irish Free State has decided to pay back the balance due of the Irish Republican loans raised in the United States in 1918 and 1920, acerding to the Dublin correspondent of the *New York Herald-Tribune*. These loans aggregate about G$5,000,000 and the correspondent states that the necessary legislation will be introduced when the Dail re-assembles in February.

### New French Cabinet Objects to Paying Debts

The new French Cabinet, formed under the Premiership of M. Paul Boncour, will announce, according to a recent Paris message, a general continuation of M. Herriot's policy except with regard to debts. The new Government is against payment until some new settlement has been reached.

## Mrs. George Fitch Reviews Books for "Y" Girls

Mrs. George Fitch, wife of the general secretary of the Foreign Y.M.C.A. at a "tiffin talkie" of the International Branch, Y.W.C.A., Dec. 16, briefly reviewed ten different books on Far Eastern Affairs. Among them were:—"Tinder Box of Asia," by George E. Sokolsky; Chinese Art (in Encyclopedia Britannica); "Festivities and Songs of Ancient China," by Marcel Grant; "Story of the Little Brown Man, Ghandi" by Bishop Frederick B. Fisher; "Peking Picnic," by Ann Bridge; and "Sons" by Mrs. Pearl Buck.

## American Institutions Benefit from Race Club Funds

The American Women's Club (civic department) received Mex $1,350, the American Civil Relief Commitee received $900, and the Foreign Y. W. C. A. $500 from the funds contributed by the Shanghai Race Club out of the proceeds of races in Shanghai during the past autumn. The above-mentioned sums were part of a total of $113,-933.26 distributed to various "charity" funds by the Race Club, details of which were given by A. W. Burkill, Chairman of the Club, in the Shanghai daily newspapers two weeks ago.

## CUSTOMS NOTIFICATION NO. 1260

With reference to Customs Notification of the 17th May, 1932, and to No. 1236 of the 2nd September, 1932, concerning the abolition of the export duty on silk, the public is hereby notified that in accordance with the Government instructions inter-port duty is to be charged on all native silk and silk products exported to Dairen.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 15th December, 1932.

## CUSTOMS NOTIFICATION No. 1261

The public is hereby notified that, from the 1st January 1933, for purposes of examination of cargo in advance of steamers' arrival and for vessels berthed in the stream, the division of the harbour with respect to the three Customs Jetties will provisionally be as follows:

*Nantao Jetty:* cargo for vessels above Section II.
*Customs Jetty*: cargo for vessels from Section II. to Section VII inclusive.
*Lay Road Jetty:* cargo for vessels below Section VII.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 17th December, 1932.


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# Principals in China Merchants' Loan Indicted

Chen Fu-mu and Li Kuo-chieh, respectively, former Government Superintendent and General Manager of the China Merchants S. N. Co., have been formally charged before the Shanghai District Court with infractions of Articles 366 and 129 of the Criminal Code for "causing unlawful damage to the said Company" and malfeasance of official duty.

Following preliminary investigations, the procurator attached to the said Court found that there existed ground for prosecution. The said procurator has accordingly filed with the Criminal Division of the Shanghai District Court a formal statement of indictment, of which the following is a full translation:—

*Statement of Indictment filed by the Procurator of the District Court of Shanghai, Kiangsu, re-Chen Fu-mu and Li Kuo-chieh.*

Accused, CHEN FU-MU, male; age, unknown: Cantonese; domicile, unknown; former Vice-Minister of Communications, and concurrently Superintendent of China Merchants S. N. Co.

LI KUO-CHIEH, male 52 years of age, Native of Hopei district, Anhwei: residing at 1050, Avenue Joffre, former Chairman and General Manager of China Merchants S. N. Co.. Ltd.

With reference to the above named accused in connection with the case of malfeasance of duty and breach of trust, No. 4671, (New) 21st Year of the Republic, a legal investigation has been completed, and it is found that a public prosecution should be instituted. The facts in connection with the crimes committed by the accused and the provisions of the Criminal Code which they have contravened are hereby stated as follows:

### Story of Negotiations

The accused, Chen Fu-mu, served some time ago as Vice-Minister of Communications, acting concurrently as Superintendent of China Merchants S. N. Co.; and the accused, Li Kuo-chieh, acted as Chairman of the Board of Directors, acting concurrently as General Manager of the said Company. The said Company was private-owned but operated by the State. Under the pretence of developing the business thereof, the two accused, while in office,—that is, on the 5th and 6th September of the current year—signed and entered into Agreements, separately mortgaging and leasing to the American concern, the China Realty Co. Fed. Inc. U.S.A. buildings, land and wharves belonging to the Company and situate in Shanghai.

Taels twenty million, Shanghai Sycee, at nine per cent. for annum interest was borrowed (at 85 Discount and 2½ per cent. commission each ten million only amounted to eight million two hundred and fifty thousand). They also signed and entered into Leases with the said Company for the three wharves as well as memorandums for purchase of vessels on credit to the great detriment of navigation rights and property.

After signature, the documents were sent to the Superintendent's office to be sealed, and Chen Fu-mu took the opportunity to seek for bribes, holding up the documents. He did not, however, submit them to the Ministry for approval and sanction.

Li Kuo-chieh then arranged with the China Realty Co. to advance Tls. 700,000 and Tou Yao-ting, the compradore of the said China Realty Co. was sent on the 23rd September, at 3 o'clock in the afternoon, to take the money to the offices of the China Merchants S. N. Co. and handed it to Li Kuo-chieh, who, after issuing a sealed receipt of the Co., handed it to Huang Chu-su, the representative of Chen Fu-mu, and Huang Chu-su handed over the agreements, etc., sealed by the Superintendent to Li Kuo-chieh, who in turn handed them over to Tou Yao-ting, and they separated. This was personally confessed by Li Kuo-chieh, on November 13, to the Ministry of Communications, remitted for investigation and found correct.

The above facts were founded on the following evidence:

(1.) Loan Agreement. Deed of Mortgage. Lease and Memorandums.

(2.) Sealed receipt of the China Merchants S. N. Co. for the advance of the American concern, China Realty Co., Tls. 700,000.

(3.) The confession of Li Kuo-chieh of the above facts.

(4.) Tou Yao-ting stated that on the afternoon of September 23, current year, at 3-4 o'clock the Chief Manager of the China Realty Co. asked him to take Tls. 700,000 to the China Merchants S. N. Co. Tls. 150,000 had been exchanged into cash. "I went there and personally handed it to Li Kuo-chieh and obtained a stamped receipt. Li also handed me a big parcel of agreements to bring back to the Co." This was found to correspond to the money, particulars of exchange of the agreements stated in Li Kuo-chieh's evidence.

(5.) According to statements of Chu Shu-yu and Yao Te-kuei the house No. 28, Mei Li Yuan, was the exclusive residence of Chen Fu-mu and there were no other people residing there. He had his lady and children, whose names were not known.

### Bank Accounts Quoted

It appears from the accounts of the three banks—the Kincheng, Shanghai and Chung Foo—that on the 24th and 26th September, there were new depositors by the names of Chen Tse-sheng, Chen Shao-te and Miss Wei Chung-hung and together they deposited Taels two hundred thousand, which was part of the advance of the China Realty Co. to Li Kuo-chieh. The addresses of the depositors were No. 28 Mei Li Yuan, Great Western Road. The house being the exclusive residence of Chen Fu-mu, there is no doubt that the names of Chen Tse-sheng, etc., were assumed names of Chen Fu-mu.

(6.) Of the Tls. 700,000 advanced by the China Realty Co. to Li Kuo-chieh, (after deducting the above Tls. 200,000,) Tls. 100,000 went through the accounts of the Postal Savings Administration and the Joint Treasury of the four Banks in cross transactions, and the remaining Tls. 400,000 were deposited, in the name of Huang Cheng-te in the Shanghai Bank, Tls. 100,000,; in the name of Huang Wei-ju in the Bubbling Well Road branch of the Shanghai Bank, Tls. 100,000.; in the name of Feng Tuan-yi in the Shanghai Bank Tls. 50,000; and in the name of Huang Ta-te in the Hongkew branch of the Bank of China, Tls. 50,000. In the name of Feng Shu-gen Tls. 50,000 was deposited in the Bank of China; and in the name of Huang Cheng-te Tls. 50,000 was deposited in the Chung Foo Uuion Bank.

On investigation, letters (from the banks) in reply have all been received in the case. Those concerned have all been summoned for enjuiry and no one by the names of Huang Cheng-te, etc. have been found, so that it could be perceived that they were assumed names by Chen Fu-mu.

On the above evidence, the accused Chen Fu-mu and Li Kuo-chieh being public officers who had the duty of reorganising the affairs of the China Merchants S. N. Co., did not hesitate to sign and enter into contracts, injuring navigation rights and prejudicing the Company's property. Such is evidently malfeasance in office and breach of trust and causing unlawful injury to the China Merchants S. N. Co. and together they contravened Section I of Article 366 of the Criminal Code and should be dealt with according to Articles 140 and 42.

Chen Fu-mu, having received a bribe, failed to submit the contracts to the Ministry for approval and sanction, was acting in contravention to his duties and contravened Articles 192, Section 2, of the said Code and should be dealt with according to Section 4 of the said Article and Article 70 of the said Code.

Li Kuo-chieh, in handling bribes contrary to his official duties, contravened Section 3 of the said Article and having made confession, should be dealt with according to Articles 74, 70 and Section 1 of Article 38 of the said Code.

Public prosecution is instituted and the case is here by committed for trial under Sections 1 and 2 of Article 253 of the Code of Criminal Procedure.

To the Criminal Division of the Court.

(Signed and sealed):

OU YANG-SHU and HSI LIEN Procurators.

Dated the 10th day of December, 21st Year of the Chinese Republic.

## Resumption of Sino-Soviet Relations Hailed by Chinese Press

The resumption of Sino-Soviet diplomatic relations is generally welcomed by the Chinese press in Shanghai.

The *China Times*, liberal daily, points out that the new move can have no other significance except in the fact that China may thus resume normal diplomatic relations with a friendly neighbor and secondly, as one of the largest consumer States, China will welcome the goods of her neighbor, which carry with them goodwill and friendship.

The journal declares that the present dramatic success of the Sino-Soviet negotiations is due largely to two important reasons. In the first place, the original plan of making resumption conditional upon the settlement of various outstanding issues between the two countries has been dropped. Secondly, there has been a marked reorientation in the foreign policy of the Soviet Union.

The *China Evening News* states that the resumption of diplomtaic relations will settle, once for all, the trade relations between the two countries. Trade relations, formally resumed, will contribute greatly to the prosperity of both nations. When cheap Russian commodities are imported to China, not only will they meet the demand of the Chinese people but Russia will get an enormous market for her surplus products. Such a step will benefit both countries.

### Chinese Buy Soviet Lumber

One of the first fruits of the new era is a contract covering the importation of a huge quantity of Russian timber which has been negotiated by a group of Chinese merchants, headed by Tu Yueh-sung, a well known figure in the French Concession of Shanghai. This deal is stated to cover ninety million board measure feet altogether. Six million feet have already arrived as a first shipment and it is understood that the remainder will be delivered more or less on a consignment basis.

Chinese merchants are stated to be placing enormous orders for Russian goods through Soviet commercial agents in Shanghai. These Chinese merchants apparently suffered much loss of trade through the anti-Japanese boycott movement, as they were unable to find satisfactory substitutes for Japanese goods. Now that relations between China and the Soviet have been resumed, they are contemplating using Russian products in place of Japanese goods. Russian merchants are stated to be planning a regular steamship service between Vladivostok and Shanghai in order to facilitate trade.

### Moscow Believes China Will Go Communist

Moscow *Pravda* on Dec. 16 published an article in which it declared that the Chinese Communist Party is rallying the whole of China for the overthrow of the Kuomintang. Undoubtedly, it adds, the time is not distant when the whole of China will be converted into an emancipated Soviet country.

### Peiping Soviet Embassy to Reopen Next Year

Preparations for the reopening of the Soviet Embassy at Peiping, subsequent to the resumption of diplomatic relations between the Soviet and the Chinese Governments, are in the hands of M. Chalamann, Commercial Councillor, and other members of the Embassy who recently arrived in Peiping in advance of the Ambassador.

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## Lieut. C. C. Brown Transferred to Navy Dept., Washington

Lieut. C. C. Brown, formerly intelligence officer connected with the U. S. Marines at Shanghai and later transferred to the office of the U. S. Naval Attache at Peiping, has been transferred to Washington, D.C. Lieut. and Mrs. Brown departed from Peiping for San Francisco on Dec. 18. Since the Japanese occupation of Mukden, Sept. 18, 1931 Lieut. Brown has spent most of his time in Manchuria.

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## Explosion at Chefoo---Many Convicts Escape

Chefoo was rocked by an explosion on the night of Dec. 15 at the base of the mole on the west side of the city. Investigation showed that the explosion had taken place in an ammunition dump. During the fire which followed the explosion more than 100 convicts, taking advantage of the tense situation, attacked the prison guards, seized their arms and decamped.


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**CHINA WEEKLY REVIEW**

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# Men and Events

J. E. Black, of the American Consulate-General at Hongkong, is visiting in Shanghai.

G. V. Allen, American Vice-Consul at Shanghai, has returned from a vacation which he spent in Japan.

Reginald Sweetland, correspondent for the Chicago *Daily News*, has returned to Shanghai from a trip to north China.

The O.S.K. liner *Buenos Aires Maru* which left Kobe Dec. 19, carried 1,329 Japanese emigrants destined for Brazil.

Dr. C. E. Patton of the Presbyterian Mission at Shanghai, has been awarded an honorary degree by Hanover College.

Mrs. E. M, Gale, wife of Dr. Gale of the Chinese Government Salt Gabelle, arrived in Shanghai this week from the United States.

Mrs. James E. Perkins, whose husband is local manager for Paramount Films, has arrived in Shanghai from Japan to join her husband.

Roland Grimm, representative of the Certainteed Products Company, has returned to Shanghai from a trip to Japan, Korea, Manchuria and north China.

Shigeru Yoshida, former Japanese Ambassador to Italy, after completing an inspection tour in Manchuria arrived at Tientsin Dec. 17 and later proceeded to Peiping.

R. Stanley Dollar in his annual report to the Dollar Co. at the San Francisco Dec. 16 stated that the backbone of the depression in the United States had been broken.

Members of the Japanese Special Naval Landing Party are being given lessons in English and the Shanghai dialect three times a week, the local Japanese press service states.

The Rev. Thomas Cooker Brown was nominated Dec. 16 to the post of foreign secretary of the London Missionary Society for China and Africa in succession to F. H. Hawkins.

Edwin S. Cunningham, U. S. Consul-General and Mrs. Cunningham, will make a trip to Hongkong and Manila over the Christmas holidays. They are scheduled to sail on the *President Coolidge*.

Approximately $3,000 was realized from entrance and lottery tickets in a charity ball sponsored by the Ladies' Auxiliary of the Chinese Mission to Lepers held at the Astor House in the night of Dec. 16.

Mr. and Mrs. Cheng, brother-in-law and sister of Henry Pu Yi, "Regent" of Manchukuo, arrived in England for a lengthy stay end of last week. They are provided with both Chinese and Manchukuo passports.

Edgar Snow, correspondent of the *Consolidated Press*, departed this week on a trip through Japan, Korea and Manchuria. He expects to return to Shanghai the latter part of January stopping at Peiping enroute.

Telegrams from Harbin indicate that with the Japanese in control of the western section of the Chinese Eastern Railway the through mail route via Siberia from Harbin to Europe will be resumed in the near future.

Bernard Shaw in an interview in London Dec. 16 previous to his departure on a world tour, which is to include China, made a suggestion that Ireland should be handed over to America in lieu of the British debt.

Major George A. Osterhout, commander of the 1st battalion of the 4th Marines, will sail on the U.S.S. *Chaumont* on December 27, for the United States, after nearly three years of service on the China Station.

Loh Ching-pao, a wealthy Ningpo merchant, was kidnapped recently in the International Settlement and later was shot by his captors, apparently on Dec. 10, when the French police received a mysterious telephone call and a distinct cry for help, followed by two pistol shots.

Soviet Government has just purchased 13 old steamers with a total tonnage of 54,000 tons from the North German Lloyd Steamship Company with three years' credit. The sale price is estimated roughly at 1,500,000 marks and the Russians have pledged themselves not to compete against German lines anywhere.

The story of the failure of Luna Park Limited was told at the sixth anunal meeting of the Greyhound Racing Association (China) Ltd. held in Shanghai Dec 20. Greyhound racing being forbidden, the lease on the site in Yangtszepoo has been abandoned. C. H. Arnhold the Chairman, stated that the division of funds to shareholders would be left to the decision of the British Supreme Court.

The first air mail trip between Peiping and Tihwa, Sinkiang, in the North-West of China, was successfully completed Dec. 19 when the *Eurasia* plane, which started from Peiping on December 15, carrying mails, arrived there.

Ratifications of the Treaty of arbitration concluded in 1929 between China and the United States were exchanged at Washington Dec. 15 according to despatches received from the Chinese Legation by the Ministry of Foreign Affairs at Nanking.

Li Han-tsung, a cameraman of the Chinan Motion Picture Company, was killed recently while taking action pictures of a severe battle between the Chinese anti-Manchukuo volunteers and Japanese forces, according to Chinese reports.

The Chiao-Tung University at Shanghai announces that an Engineering and Railway Exhibition will be held at the University premises from March 30 to April 8, 1933 under the auspices of the Ministry of Railways of the National Government.

The *China Times* states that Dr. Alfred Sze, until recently Chinese Minister to Great Britain, will be appointed Chinese Minister to the United States in succession to Dr. W. W. Yen, who will be promoted to the post of Chinese Ambassador to Soviet Russia.

The Shanghai Child Welfare Home and Primary School will hold a Christmas celebration at 93 Wayside road, Christmas Day, at 2.30 p.m. Donations for the Home are received at the office of the National Child Welfare Association at 20 Museum road, Shanghai.

The Premiers of the three provinces of Manitoba, Saskatchewan and Alberta, which are known as the Prairie Provinces, decided on Dec. 19 to appoint a committee to consider the possibility of developing markets for the export of Canadian grain to the Far East.

Fire broke out at the Ministry of Finance building at Nanking on the morning of Dec. 12. Five rooms were destroyed, including the radio station, the offices of two sections of the Revenue Department and sections of the Secretariat. All important documents and records were saved.

A Soviet Affairs Research Society was organized at Nanking Dec. 18 at a meeting attended by over 60 persons. Following reports of preparations for the organization of the Society, Chen Li-fu, member of the C.E.C., spoke on the object of the society. A constitution was then adopted.

General Ho Ying-chin, Minister of War, who returned to Nanking from Shanghai Dec. 14, disclosed that he, like the late Chu Chao-hsin, was a victim of snake poisoning, Fortunately, however, his case was not acute and he recoverved after having been confined in hospital for more than a week.

The annual general meeting of the shareholders of the Chinese Engineering & Mining Co., Ltd. was held in London on December 20. The net result of the past year's transactions shows a belance to the credit of profit and loss account of £119,836. A final dividend of 5% making 7½% for the year, was declared.

A decision by the Lord Chief Justice of England Dec. 16 made the totalisator illegal at greyhound races in Great Britain. Editorial comment in the newspapers mostly welcomes the judgment as bringing to a head an unhealthy situation in which betting facilities were being used under doubtful legal authorisation.

Acting in conjunction with the Municipal Police, the Japanese Consular authorities arrested an alleged Korean radical named Ko Nan Shaku, off Chengtu Road, in Shanghai, on the evening of Dec. 15. Ko is said to have been Chairman of the Korean Branch of the Chinese Communist Party and to have been "wanted" for some time.

Li Fang-hsiao, a 110-year-old Mohammedan, has brought suit against Feng Ming-chen, propretor of the Foh Chih dispensary in Shanghai, for using his photograph as an advertisement without his permission. The photo was used on the label of a medicine which allegedly contributed to Li's old age, but which he avers he has never used.

Morris Berg of the Washington American League Baseball Club spent several days in Shanghai last week on his way home to the United States, traveling by way of India and Europe. Mr. Berg, accompanied by Ted Lyons of the Chicago White Sox and Lefty O'Doul of the Brooklyn Nationals, arrived in Japan several weeks ago and have been engaged in coaching Six-University League in Tokyo.

The British liner *Caronia*, 20,000 tons, recently sold to Japan was made the victim of serious sabotage while it was lying in the harbor of Blyth, Northumberland last week. Sulphuric acid was poured on the most delicate parts of the dynamoes and electric wires were cut. The boat was scheduled to sail to Japan on December 26. Some 50 Japanese and Chinese were working on board at the time.

Suming C. Suez, former Chinese Consul General in New York, has, after seven years, completed a four letter and five figure Chinese Telegraphic Code. He is circulazing the Chambers of Commerce in the Far East in order to secure a list of staple lines of goods with names in English and Chinese, and the names of chops, grades, lengths, weights, etc., such information to be incorporated into the code.

Madame Sun Yat-sen, widow of the late Dr. Sun Yat-sen, founder of the Kuomintang, has written *The Review* a letter denying a statement which appeared on Page 85 of our issue of Dec. 17. The statement read, "Madame Sun Yat-sen, who has been the champion of the communist groups is reported to have insisted on the present status of land distribution in the communist areas being maintained." Mrs. Sun declared, "I must protest at your implication that I work with the Nanking Government in any capacity."

## Manchukuo's Third Delegate at Geneva---A. H. F. Edwardes

The Manchukuo Government recently appointed A. H. F. Edwardes, former Inspector General of China's Customs, to be Advisor to the Foreign Ministry and to be Manchukuo's third representative in Geneva. Japan thus has three delegates at Geneva, namely George Bronson Rea, and Ting Shih-yuan, in addition to Mr. Edwardes who officiated as Inspector-General of Customs in 1927, and left that service in 1928. He first came to China in 1903. Much of his service with the Chinese Customs was spent in Manchuria. Mr. Edwardes has therefore special knowledge of that part of China.

Several local high Customs officials have submitted a petition to the Ministry of Finance, requesting to approach through the Ministry of Foreign Affairs, the British Government with a demand for the withdrawal of the £9,000 pensions paid to and the decorations conferred upon Mr. Edwardes by the Chinese Government. The Chinese press states that the Central Government will shortly issue an official declaration condemning Mr. Edwardes' act in accepting the appointment offered by the puppet state of Manchukuo.

The Chinese Government has decided to strike Mr. Edwards' name off the Honor list and withdraw permission for him to wear the Chinese orders conferred on him.

## American Minister Protests New Business Tax

Nelson T. Johnson, the American Minister, recently delivered to the Foreign Ministry, America's second protest in reply to China's recent note regarding the application of the business tax to American merchants.

The American note, which calls attention to the fact that the Business Tax regulations themselves make no provision for collection of the levy from foreign firms, will be followed by similar notes from Great Britain and France, the *United Press* understands.

The Chinese newspapers state that the Chinese Government's attitude on this matter of taxation is that extraterritorial rights do not imply freedom from the same taxation that Chinese are subjected to,

According to information in well-informed circles a compromise will shortly be found for the question. It is said foreign firms having Chinese capital or Chinese managers will have to pay the business tax, but foreign firms in the Concessions will be exempted temporarily.

## Cheng Kung-po Gives Dinner to Foreign Diplomats

Chen Kung-po, Minister of Industry, and Tseng Chung-ming, Political Vice-Minister of Railways, were hosts at a dinner in Nanking in the night of Dec. 15 given in honor of various foreign diplomats in the Capital, including Nelson T. Johnson, the American Minister, M. Wilden, the French Minister, Count Ciano di Cortelazzo, Italian Minister, Mr. Ingram, British Charge d'Affaires, and M. Graeffe, Belgian Charge d'Affaires. Dr. Lo Wen-kan, Minister of Foreign Affairs, and Admiral Chen Shao-kwan, Minister of the Navy, were among those present.

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# Who's Who in China

Chu Cheng, President of Judicial Yuan; born at Kwangchih district, Hupeh, 1886; after having received his Chinese classical education in China, he went to Japan where he was graduated from the Japan Law College at Tokyo; joined the Tungmenghui, predecessor of the Kuomintang Party, while studying in Japan; following graduation, he first served as an editor of the *Chun Hsin Daily News* at Singapore and soon proceeded to Rangoon, Burma, where he founded and became chief editor of the *Kwang Hua Daily News*; was engaged in revolutionary activities in the Yangtsze Provinces after return to China; organized a Revolutionary Army in Wuchang and Hankow, when he responded to the Revolutionary Uprising at Canton that Spring; after the outbreak of the Revolution in Wuhan Cities, he was appointed a secretary of the Military Government at Wuchang and was shortly elected representative of Hupeh province to Nanking to organise the Nanking Provisional Government, of which he was appointed vice-Minister and acting Minister of Interior upon its establishment at Nanking, 1912; elected member of the Senate of the Parliament at Peking, 1913 and became Commander of Woosung Forts upon the outbreak of the Second Revolution against Yuan Shih-kai who betrayed the country and attempted to become Emperor of China; director of party affairs of the Chun Hua Revolutionary Party, 1914-18; Commander-in-Chief of the Northeastern Revolutionary Forces, 1916; vice-Minister of Interior in the Headquarters of the Generalissimo and member of the Constitution Drafting Committee, 1917; director of administrative affairs of the Kuomintang Party, 1919-22; councilor to the Office of the President, Canton Revolutionary Government, 1921; Minister of Interior, Canton Revolutionary Government, 1921; councilor of the Kuomintang Party, 1923; member of Central Executive Committee of Kuomintang, 1924; state councilor of National Government, 1927; member of C. E. C. of Kuomintang and concurrently member of the Standing Committee of the C.E.C.; member of the Central Political Council, President of the Judicial Yuan and concurrently President of Supreme Court, since 1932; address: Judicial Yuan, National Government, Nanking.

居正字覺生
Chu Cheng

居正字覺生，年五十七歲，湖北廣濟人，日本法政大學畢業，清光緒乙巳年入同盟會，戊申年任新加坡中興日報記者，旋赴仰光創辦光華日報任總編輯，庚戌年回國，担任長江革命聯絡事宜，辛亥春，在武漢組織鄂軍響應廣東（三月二十九日之役）起義後，任軍政府秘書，旋被推爲湖北代表赴滬甯組織臨時政府，中華民國元年，任臨時政府內務部次長代理部務，兼任同盟會會計主任，民國二年，被選爲參議員，討袁事起任吳淞要塞司令，民國三年至七年，任中華革命黨黨務部長，民國五年，任中華革命軍東北總司令，民國六年，任大元帥府內政部次長，國會憲法起草委員會委員，民國八年至十一年，任中國國民黨總務部長，民國十年，任總統府參議，民國十一年，任總統府內務總長，民國十二年，任中國國民黨參議，民國十三年，任中國國民黨中央執行委員，民國十六年，任國民政府委員，民國二十一年，任中央執行委員會委員兼常務委員，中央政治會議委員，國民政府司法院院長兼最高法院院長，中央公務員懲戒委員會委員長等職。

# New Books of Interest in the Far East

## The Philippines

*Philippine Uncertainty by Senator Harry B. Hawes. (published by The Century Co.)*

*America, the Philippines, and the Orient by H. C. Moncado (Fleming H. Revell Co.) $2 (U. S.)*

Both these books deal with the Philippines through virtually identical points of view, but there is wide diversion in their methods of handling and their general merits.

Senator Hawes, author of the independence measure which has just passed the Senate, embodies much of his personal observation during a recent Philippines visit. But he has also incorporated a tremendous amount of research material which renders his volume a valuable new source book.

Moncado, who calls himself the founder and president of the Filipino Federation Corporation in America, has done a much less painstaking job. Many of his views are of interest, particularly as regards the relations of Japan and China or the Philippines, but his book is relatively superficial, and he tends to draw conclusions from poorly established data.

For example, in dealing with Nicholas Roosevelt's volume on the Philippines, he points out its Kiplingesque flavor and says that "It is significent that Mr. Roosevelt's book was published in England, instead of in America." The reviewer's personal copy was published in New York, in 1926, by J. P. Sears and Co.

Of considerably greater importance is Moncado's offhand comparison of the tragic battleship "Maine" disaster to the alleged railway incident in Manchuria last year. The author is much impressed by the similarity of the two incidents, but this feeling will hardly be shared by those familiar with the story of the Manchuria explosion which, if it occurred at all, was not so serious but that the regular train immediately afterward passed over the gap in the track without damage or even a halt.

Mr. Moncado devotes considerable space to discussion of the Japanese manace, and he clearly feels that Japan is not likely to constitute any danger to a free Philippines. However, even Mr. Moncado is slightly troubled by Japan's recent adventures in Manchuria and Shanghai, and says that "Frankly, Japan's policy towards her neighbors on the Asian continent has been disconcerting even to us who believe that she is the natural leader of Asiatic peoples and that the Philippines in particular should cultivate her friend ship and cooperation."

Senator Hawes' volume is marred by a few flaw's but they are not fundamental. He is apparently not familiar with the Filipine love of *Fiesta*, and he is rather too much impressed by the willingness of the people to turn out and shout for independence, as are most other casual visitors to the Islands. Likewise he indulges in some over-simplification, particularly with reference to the Filipino people whom he considers a unit. It is interesting to note that Professor H. Otley Bever of the University of the Philippines distinguishes 87 ethnographic groups in the Islands (*The United States and the Philippines*, Williams, page 48).

Upon the whole, however, Senator Hawes has done an exellent job of evaluating the situation in the Islands. He is thoroughly convinced that the Filipinos desire and and deserve their freedom, and he has a wealth of information to support his views.

Like Mr. Moncado, he believes that the Islands are in little danger from Japan, and he produces more convincing evidence for his opinion. He points out that there have been Japanese in the Philippines since 1880, but that they have not thrived. In his opinion, they do not like the country, the climate is not congenial, they cannot work continuously in the fields as they do further north, and for religious, social and other reasons "it would now be very difficult for the Japanese to colonize in the Philippines, peacefully or otherwise."

Senator Hawes likewise feels that the Filipinos are in no danger from Chinese colonization, but many will differ from him in this. While he believes that a free Philippines can control Chinese immigration by means of a quota or some such plan as is now employed by the Philippine Government, the fact is that illegal entry of Chinese is now a considerable problem which will grow greater when rhe Islands become free. Whereas the Filipino can terhaps hold his own against the Japanese, there is good peason to believe that the Chinese is likely to force him to the wall economically, if given any chance at all.

The Hawes book contains a great deal of information of special interest at the present time, concerning the status of the Islands and how it has developed. The author makes clear that free trade between the Philippines and the United States, the existence of which has finally brought about a majority vote for independence, was not initiated by the Filipinos.—"They passed it because they believed and declared before it was legalized that it would create exactly the situation which confronts them today." The longer the free trade situation continues, according to many whom the author has interviewed, the more difficult will be a final break. Thus Senator Hawes believes that Independence should be granted as soon as possible, with a yeasonable period of probation—"somewhat longer then 5 rears, and yet less than 10 years."

"With independence," concludes Senator Hawes, "will come new demands and difficulties. Filipino statesmanship may not devise prompt and effective remedies. In that they will be by no means egregious. Other statesmen, in other lands, have lately been accused of ineptitude and failure. I am persuaded, however that the Filipinos, in the pride of being a free people and with an inevitable sense of responsibility, will work harder to solve the problems of an independent country than they ever will work for a land they inhabit without owning, and support without governing." R. G.

READERS of *The China Weekly Review* who may be interested in obtaining copies of any books which have been reviewed in these columns, may obtain them by sending their orders in care of *The Review*....If obtainable in Shanghai the books will be mailed immediately at retail prices prevailing in Shanghai, plus postage, or if not obtainable here, they will be ordered from the publishers abroad. Send orders or inquiries to Book Editor, *The China Weekly Review*, 38 Avenue Edward VII, Shanghai.

## General Chiang Lauds Dr. Sun's Teachings

"It is by conforming to the bequeathed teachings of Dr. Sun that we can rouse the spirit of our race, revive the nation, and save it from the present danger," declared General Chiang Kai-shek to an audience of 13,000 men, composed of the military and police units at the Capital, and the cadets of the Central Military Academy and other military schools, at the weekly memorial service in Nanking Dec. 19. A nation, to maintain its place in the world, must have organization, he said, and discipline is a prerequisite to organization. "We must all practise the teachings of Dr. Sun as embodied in the words loyalty, filial piety, kindness, love, truth, righteousness and peace; as well as the four virtues, propriety, faithfulness, honesty and honor, and observe strict discipline," he added.

## The China Merchants' Affair Drags On

The first hearing of the case of Chen Fu-mu and Li Kuo-chieh, respectively Superintendent and General Manager of the China Merchants S. N. Co. had been set for Wednesday, Dec. 21.

### The Hongkong Bank's Claim

The British Legation, on behalf of the Hongkong and Shanghai Banking Corporation, has called the attention of the Ministry of Foreign Affairs to the fact that part of the properties of the China Merchants Steam Navigation Company has been mortgaged to the bank for loans advanced and that the bank's interests have to be duly protected following the conversion of the Shipping Company into a State enterprise. It is understood that the matter will be referred to the Ministry of Communications


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# The League Adjourns for Holidays ---Nothing Done

The Assembly of the League of Nations in session at Geneva has taken advantage of the Christmas and New Year holidays once more to delay taking any definite action regarding the Manchurian dispute. The Committee of Nineteen at a meeting on Dec. 20 decided to defer further meetings until January 16.

The principal "business," if such it may be called, before the League is a draft proposal submitted by the Committee of Ninteen to the Chinese and Japanese Governments, the text of which is approximately as follows:

The first resolution says that the Committee of 19 have an obligation to strive to settle the dispute and not to make a report. Then basing themselves on the resolution of March 11, the draft affirms that any settlement must be in accordance with the dispositions of the Covenant of the League, the Kellogg Pact, and the Nine-Power Treaty. The Committee's task, in collaboration with the parties to the dispute, shall be to conduct negotiations, basing itself on the recommendations in Chapter IX of the Lytton Report and taking into account the suggestion in Chapter X.

The second proposal goes on to say that a conciliation committee shall be created by the Committee of 19 and shall be authorised to invite the collaboration of the United States and Russia. The Committee also shall be authorised to take all measures which it deems necessary for the fulfilment of the task. It is suggested that it should make its report on March 1. If an agreement cannot be reached the Committee shall report to the Assembly of the League, which remains permanently in session.

The second resolution expresses thanks to the Lytton Commission for their work and says that their Report shall remain an example of conscientious and impartial work. The resolutions are accompanied by an *expose de motifs* for the guidance of the Committee. The "expose" quotes the resolution of December 9 and states more than once that the task of the committee is conciliation, working under paragraph 3 of Article XV. It asks for expedition, and suggests that powers shall de delegated to experts guided by the resolution of March 11 and based on eight chapters of the Lytton Report, the principles in Chapter IX and taking into account Chapter X. The "Expose" repeats that it is not simple to return to the *status quo ante* envisaged. Neither, it adds, can the present position remain.

### Both the Chinese and Japanese Dissatisfied

Both the Chinese and Japanese governments have expressed their dissatisfaction with the League's proposals, which have been so framed as to make it evident that their purpose mostly is to make them unacceptable and thus to make it appear that the problem, so far as the League is concerned, is hopeless—which of course, means that Japan is being favored.

The Japanese delegation made it clear that the conciliation procedure was the only point in the League's resolution on the Sino-Japanese dispute with which they would be able to agree.

"The League of Nations is trudging along toward dissolution," a high military official told newspapermen in Tokyo Dec. 17 and for that reason Japan should not pay too much attention to League decisions, whatever they are." The official added that Japan can expect little from the League in the Manchurian matter because the problem is too big for the League. He contended that the League has done practically nothing by itself in the settling of international disputes since its organisation.

The instructions sent by Tokyo to Mr. Matsuoka, the Japanese delegate at Geneva, have not been made officially public, but *Reuter* states that the following is the gist:

(1) Japan cannot overlook the fact that the resolution of the Committee of 19 specifically quotes the League Covenant, the Kellogg Anti-War Pact and the Nine-Power Treaty, and takes exception to these quotations on the ground that they give the impression that Japanese action in connection with the establishment of the independent Manchukuo regime violated these agreements.

(2) Japan opposes the inclusion of the United States and Soviet Russia in the conciliation committee.

(3) Japan will not agree to that part of the resolution which states "measures of conciliation shall be considered on the basis of the Lytton Report, which does not approve Manchukuo independence."

(4) Japan opposes limitation of the term of the committee to March 1, 1933, since it is understood that Clause 4 of Article XV and Clause 6 of Article XVI of the League Covenant will be applied if the Manchurian issue cannot be solved before that date.

(5) Japan cannot agree to that part of the second resolution which says that the Lytton Report shall be taken as model, Japan already having taken exception to numerous points raised in the report of the League Commission of Inquiry.

### China Demands that Japan Shall Abandon Manchukuo

The official spokesman of the Chinese delegation at Geneva set forth the views of the Chinese Government on the draft resolution as follows: "So long as the Japanese have not shown sincerity in accepting it as a basis for discussion, it would be a waste of time to go into details. An essential condition under which we could embark on the work of conciliation is that Japan should abandon the so-called Manchukuo."

The Chinese press at Peiping expresses disappointment on the draft resolution of the Committee of Nineteen. The *Chen Pao* describes it as a "masterpiece of ambiguity," and the *Shih Chieh Jih Pao* says that it is both "vague and ambiguous."

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# U. S. Senate Passes Philippine Independence Measure

The U. S. Senate on Dec. 17 passed a bill providing for independence for the Philippine Islands in 12 years. In its general provisions it follows the Hare Bill which passed the House of Representatives last April. The Hare Bill provides for the independence of the Philippines within eight years. Minor differences in the Senate and House measures are expected to be cleared up in conference. President Hoover is expected to veto the Bill but if he does, there are enough votes in the Senate and House to over-ride his veto.

The compromise bill which the Senate and House are expected to agree upon will eliminate the taking of a vote in the Philippines on the independence question. The passage by the Senate of a measure providing for independence only after 12 years has caused disappointment in the Philippines where the Civic Union threatens a boycott against American products.

The Senate has adopted the Broussard amendment to the Hawes-Cutting Philippine independence bill giving the Islands their freedom after a transition period of 12 years.

The Broussard bill provides a sliding scale of tariffs on all Philippine products. The tariff would begin at 5 percent ad valorem and increase to a maximum of 85 percent in the final year of the transition or Commonwealth period.

Both the Hawes-Cutting and the Hare Bills authorise the President to negotiate neutrality treaties with the Powers for guaranteeing Philippines freedom and both limit importation of Island products and the immigration of Filipino laborers.

Colonel Henry Stimson, the Secretary of State, in a letter published the day after the Philippine Independence Bill had safely passed the House, expressed the opinion that if the leadership of the United States was withdrawn, "economic chaos and political and social anarchy would result, to be followed ultimately by the domination of the Philippines by a foreign power, probably China or Japan."

The Secretary of War, Patrick Hurley, declared in his annual report Dec. 2 that the Hawes-Cutting bill, provides no solutions of the enormous problems that must follow independence. The bill, according to the Hurley report, prematurely commits the United States to a series of tax provisions that will be necessary when Philippines products are no longer admitted duty-free into the United States. The results of independence might be far reaching in their social and economic aspects, he said.

### Manuel Queson Questions America's Bonafides

Comparing the Philippine Independence proposals in the United States Senate to "the misgovernment of George III," Senor Manuel Queson, president of the Insular Senate, on Dec 17 summoned members of the Territorial Legislature to consider the situation. He said that the despatches received showed that the fight in the Senate was not to give independence to tho Philippine Islands, but to close American doors to Filipino labor and products.

## C. E. C. PLENARY SESSION DISCUSSES POLICY VIS-A-VIS JAPAN

(*Continued from page 161*)

"That with reference to the proposal submitted by member Wu Chao-chu and eight other members calling for troop disbandment: Be it resolved .that the campaign against Communist banditry be expedited and that immediately following the conclusion of the said campaign, the armed forces of the entire nation be reorganized and reduced to the minimum strength required by the country."

Another important resolution adopted at the meeting deals with the Szechwan situation it being provided that the National Government should adopt effective measures to curb the internecine strife in the province of Szechuen, and that the Central Political Council should devise appropriate measues for the rehabilitation of the province.

Other resolutions adopted at the meeting were to the following effect:—

1. That the proposal calling for the acceleration of the campaign against Communist banditry be adopted in principle, and referred to the National Government for reference.

2. That the proposals calling for the eradication of corruption in officialdom and the building up of a clean administration be referred to the Central Political Council; and that the said Council devise concrete measures for the enforcement thereof.

3. That with reference to the proposal concerning opium-suppression; the National Government convene a National Opium-Suppression Conference to discuss and decide upon measures for opium suppression.

4. That with reference to the proposal calling for the relief of unemployed overseas Chinese and Party comrades who have returned from abroad as a result of oppression by foreign colonial authorities: the part of the proposal dealing with unemployed overseas Chinese be referred to the Central Political Council for enforcement, and that concerning the relief of overseas Party comrades be referred to the Party Affairs Committee for further examination.

5. That the proposal calling for the establishment of a Planning Committee under the National Government be referred to the Central Political Council for reference.

6. That with reference to the proposal for reducing the size of the Provinces: the Central Political Council be instructed to take immediate measures for its enforcement. (Note.—The said proposal had already been adopted at a previous plenary session of the C.E.C.).

7. That with reference to the proposal for the unification of the country's Aviation Administration; the National Government make immediate preparations for the development of the country's aviation and the systematization and unification of aviation administration.

8. That with reference to the proposal for the training of the Mongolian cavalry: the Military Affairs Commission be entrusted with the formulation of concrete measures therefor.

9. That with reference to the proposal for the increase of the sinking Fund for Domestic Loans and the shortening of the period of redemption: inasmuch as the matter has already been definitely fixed with the concurrence of the bondholders and approval of the Central Political Council, the proposal be rejected.

10. That with reference to proposals for the development of the Northwest and the relief of Northwestern refugees: the proposals be referred to the Central Political Council and that the said Council draw up detailed measures for the enforcement thereof.

11. That with reference to proposals for the development of domestic industries: the general principles be adopted and the proposals referred to the Executive Yuan for execution.

12. That the proposal concerning Conservancy of the Huai River be referred to the Huai River Conservancy Board for reference.

13. That with reference to proposals for the relief of the peasantry and the rural villages: the proposals be adopted in principle and that the Executive Yuan devise concrete measures for the enforcement thereof.

At the meeting in the morning, a proposal submitted by the Standing Committee of the C.E.C. calling for the establishment of a National People's Assembly during next year was then brought up and, after careful consideration, was adopted unanimously.

Another resolution welcoming the Mongolian and Tibetan leaders and urging unity among the five races peopling China was then adopted.

The resolution, which was submitted by the Presidium, provides also that in the development of the various border regions, such as Mongolia and Tibet, the welfare of the native population should always be the primary consideration; that the various Central Government organs should as far as possible take into service natives of the various border regions in order that they may be given actual training in government; that the Executive Yuan should provide suitable facilities and hostelries for the accommodation of Mongolian and Tibetan visitors as well as those who are serving with the Government; and finally, that the Plenary Session shall call upon the five races peopling the country, namely, the Hans, Manchus, Mongolians, Mohammedans and Tibetans, to unite together to overcome the present national crisis.

The conference was scheduled to close on Friday, Dec. 23.

⁂

### Peace Between Dalai Lama and Panchen Lama

It is reported that through the good offices of General Ma Pu-fang, Commander of the newly organized 9th Division, the Delai Lama (temporal ruler of Tibet) has agreed to the return of the Panchen Lama (spiritual ruler) to Tibet. General Ma has despatched Wang Chen-kang to the Capital to welcome the Panchen Lama to Kokonor (Chinghai) and to escort him from there to Tibet.

Chang Chia, the Living Buddha of Kokonor, and other Mongolian and Tibetan dignitaries, who came to Nanking for the occasion, were granted the special privilege of attending the Session as observers, though they are not members of the C.E.C. Among the notables who came to Nanking to attend the session is the Panchen Lama (Living Buddha of Tibet) who is accompanied by an entourage of over 80 persons.

### Sun Fo Urges Resistance to Japanese Aggression

Sun Fo at a memorial service for his father, held at the Central Party Headquarters in Nanking Dec. 19. expatiated on the fruitless efforts of the League of Nations to solve the Sino-Japanese conflict. He laid stress on the view that resistance to Japanese aggression was the only means of national salvation. In conclusion he urged all the national leaders to co-operate to carry out the resolutions adopted by the Third Plenary Session.

Dr. H. H. Kung, former Minister of Industry, now on a tour of in the United States, has sent a telegram to the plenary session urging the formation of a "national defense government" and the convocation of a national defense conference to formulate measures for resisting foreign aggression.

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## CHINESE POLITICAL TURMOIL AS VIEWED BY THE JAPANESE MILITARISTS

(*Continued from page 162*)

invulnerable in the peninsula, inasmuch as Chiang Kai-shek finds it highly difficult to send a military expedition to Shantung in view of the recent situation of the communists and the Canton menace.

The Sino-Japanese trade at Tsingtao has recently shown rapid growth, and seeing this, Han is said to be strongly opposing all anti-Japanese agitation.

"Tang Yu-ling of Jehol is, as it were, sitting on the fence between Manchukuo and Chang Hsueh-liang, and which side he will get down on will depend on future developments."

Despite the widespread Japanese propaganda regarding alleged disunity in China, Mr. Ariyoshi, newly-appointed Japanese Minister to China, admitted in a recent interview that the Chinese people, regardless of their political differences, had, nevertheless been able to demonstrate a striking unanimity in their opposition to Japanese aggression.

# Sino-American Cooperation

BY DR. H. H. KUNG

*(The following article reprinted from the China Institute Bulletin dealing with Sino-American co-operation in the industrial development of China and the cultivation of closer trade relations between the two countries was written by Dr. H. H. Kung, former Minister of Industry of the National Government. Dr. Kung is now traveling in the United States with the Chinese Industrial Mission and according to report may shortly be appointed Minister to Italy. He is accompanied by Mrs. Kung.)*

It is a genuine pleasure for us to visit America once more. Your friendship and sincerity have been tested and proven for three-quarters of a century when the Western nations began international relations with our country.

In the realm of commerce, the United States is directing its attention to nations bordering the Pacific. For such development, China offers the most fertile field. Circumstances for the encouragement of mutual trade relations are more favorable. American exports to China for the last decade have increased by 50 percent, while China was the only market which purchased from you more in 1931 than in 1930. Another interesting fact ss that you led all other nations in exports to China during the first five months of this year, with a volume reaching 27 percent of all of our imports Japan ranked second with 13 percent and Great Britain third with 10 percent. The leadership is likely to be maintained for sometime to come.

The general outlook for economic progress of the world, however, is not brilliant for the present. We see distress wherever we go. People are not travelling. They buy little. Millions are out of employment. Steamship companies are taking off their big liners and the remainder are running with fewer passengers and less freight. The problem of the world, generally speaking, is over-production and unscientific distribution. China, being economically involved with the rest of the world, cannot, of course, be immune from the disastrous consequences. However, our situation fundamentally differs from yours; our problem is how to develop our resources by making use of machinery, equipment and technical skill which you possess in super-abundance, and how to raise the standard of consumption by improving the conditions of livelihood of our 450,000,000 people, which, when successfully achieved, would furnish such a vast market as to absorb the over-production in the rest of the world.

From this standpoint, the development of China will be the very means of over-coming the present crisis. It is in this manner that China endeavors to work out her rehabilitation program. Although the Republic is 20 years old, it has been only five years since the Nationalist Party, the Kuomintang, took over the reins of government. Five years constitute a very brief span in a nation's life. But we have been blessed with a land of fertile soil and natural resources in inexhaustible quantities as well as an industrious people. During this period of economic life, we have made some progress. In view of the interest you have taken in our development, it might not be amiss to mention a few facts about what we have been doing for industry, commerce and labor as an indication of our policy.

### China's Record of Industrial Progress

1. A program for the devolopment of certain basic industries is being carried out, including the promotion of the iron and steel industry, electric and water power plants, the manufacture of machinery, the opening of national salt and sugar refineries and the establishment of chemical works, paper mills and distilleries, silk filature and cotton mills.

2. To elevate the standard of our products, testing houses have been established. By a system of rigid inspection, these bureaus not only enhance the reputation of China's products but also encourage the general improvement of trade by conducting national educational research in addition to the elimination of inferior quality and adulteration.

3. To encourage Chinese manufacturers to adopt modern methods in the production of their outputs, industrial expositions have been held in the leading commercial centers of the country.

4. To give financial help to worthy industries and to encourage new ones, a state bank, known as the Manufacturers' Bank of China, has been established.

5. For the development of foreign trade, a bureau known as the Bureau of Foreign Trade, has been organized. This corresponds to your Bureau of Domestic and Foreign Commerce in the Department of Commerce.

6. There has been promulgated a progressive and comprehensive system of laws and regulations pertaining to industry, commerce, and labor.

7. For labor administration, we have engaged ourselves in settling disputes between capital and labor by arbitration, improving health conditions of workmen, investigating conditions of unemployment, promoting supplementary education and recreation, investigating wage scales, working hours, labor organizations, promoting social insurance, saving system and co-operation societies.

8. We have improved our communications system by air, land and water.

9. An Institution of Scientific Management has been organized.

We have definitely entered upon a new phase of our economic life. It is our age of rehabilitation. Bearing in mind vividly the perversions of the crisis, we will have to be very careful. Nationalist China, of course, has her own industrial policy in conformity with the accepted principles of economy, but we approach our subjects of investigation with an open mind. Although the emphasis of the Kuomintang is "China for the Chinese," economic co-operation with friendly powers was invited by Dr. Sun Yat-sen in his book "The International Development of China," in which he expressed the desirability of reconstructing our country not only for the good of China but also for the benefit of the world. It is with this same idea that we seek co-operation in the course of our mission.

How can we industrialize China? What plans shall we formulate in order to avoid the errors now manifest in the economic situation? Are we to pay increasing respect to personal freedom, or shall we adopt a policy of co-ordinated direction? These are some of the questions which we would raise in the course of our investigation.

Moreover, our mission has as one of its objectives the investigation of factors which underlie international economic co-operation. We all realize that nations are interdependent upon one another and no one can thrive at the expense of another. If a nation seeks its expansion by illegitimate means, it becomes a menace to the world. Equity and reciprocity and the sanctity of treaty commitments should be upheld at all costs in international relations as the progress of the world can only be assured when this is achieved. Your country has contributed much in this direction. The industrial reconstruction of China should constitute one of the much sought for opportunities for economic recovery. This may be the greatest task of the century, which awaits our initiative and your assistance and co-operation.

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## Soong Reports Budget Balanced Without Borrowing

T. V. Soong, Minister of Finance, informed the Third Plenary Session at Nanking Dec. 21 that, without resorting to loans the National Government was able to balance its last Budget, and this in spite of the world depression, the slump in silver, the non-remittance of revenues from Manchuria and many unusual heavy drains on the National Treasury, such as flood relief, the anti-Red campaign and the resistance against the Japanese invasion of Shanghai.

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## Japan's "Disarmament" Proposals

*Reuter's* Agency on Dec. 11 published an official English translation of the Japanese naval disarmament proposals, which have been communicated by the Japanese delegation to the Secretariat of the Conference for the Reduction and Limitation of Armaments. The *United Press* at the end of November gave a forecast of the proposals, the gist of which were published on page 39 of the Dec. 3 issue of *The Review* under the heading "Japan Asks for Naval Parity."

The principal proposal is that maximum total tonnage of capital ships and first class cruisers respectively to be retained by Great Britain, the United States of America, France, Italy and Japan should be reduced as follows:

Capital ships: The United States of America, 275,000 tons, 11 vessels; Great Britain, 272,000 tons, 11 vessels; Japan, 200,000 tons, 8 vessels.

## Dr. V. K. Koo's Memoranda to League Commission Published

The Memoranda consisting chiefly of statements of facts and documents relating to the Sino-Japanese Dispute, presented by Dr. Wellington Koo to the Lytton Inquiry Commission in his capacity as Chinese Assessor to the Commission, have been compiled and collected into book form in two bulky volumes, published under the auspices of the Chinese Cultural Society, a Sino-American fraternal organization in the United States with headquarters at Washington. The copies of the Memoranda distributed to the papers in Shanghai are presented with the compliments of Dr. Alfred Sao-ke Sze, former Chinese Minister at Washington and chief Chinese delegate to the League of Nations following the outbreak of the Mukden Affair September, 1931.

The first Volume comprises 464 pages, divided into four Chapters. The first Chapter deals with an historical survey of the sixty years of Japanese encroachments on China, the main instances of which are the Liuchiu Islands Affair, 1871-75; Sino-Japanese War over Korea, annexation of Formosa, 1895; annexation of Korea, presentation of the 21 Demands, the Tsinan occupation and massacre, the Mukden Affair and occupation of Manchuria, the Shanghai War, etc. Chapter II is devoted to a discussion of the treaties between China and Japan. Chapter III discusses the Japanese policy towards China, citing specific instances and documents of Japan's premediated measures of aggression and also typical examples of violations of existing treaties by Japan. Japanese allegations and charges against China are answered and refuted. The last Chapter studies the Sino-Japanese Dispute from the standpoint of International Law and Treaties, which emphasizes the point of Japan's utter disregard of the League Covenant and the Peace Pact, while consistently pursuing the course of force.

Volume II is a compilation of the Memoranda on various other phases of the Dispute. Chiefly among the facts presented and topics discussed are the Japanese alleged Anti-foreign Teaching in China, Japan's obstruction to the China's efforts to develop the Three Eastern Provinces, the problems of Outer Mongolia, banditry and communism in China, Japan's seizure of the Salt Gabble, Postal Administration and Customs in the Three Eastern Provinces, the so-called Independence Movement in Manchuria and the sale and smuggling of narcotic drugs in China by Japanese subjects and firms.

The two volumes constitute an exhaustive historical, factual and legal study of the present Sino-Japanese impasse and will be invaluable as a source of information to future historians on the Far East and those impartial scholars who want to know the real facts about Japanese aggressions on China which are now in full swing.

## Troops and Students Clash at Taiyuanfu

Chinese reports from Taiyuanfu, capital of Shansi, state that the students of all the schools there went on strike Dec. 17 and held a demonstration in front of the headquarters of the provincial government demanding the dismissal of the principal of the First Normal School, where trouble has been going on for some time. The demonstrators clashed with soldiers who attempted to disperse them, resulting in casualties on both sides.


## He Liked Going to Church

"Well, how did you like the Service this morning, Harry?" asked the proud father as he gazed at his small son who had been to church for the first time.

"Oh! it was lovely," said Harry. "I hope we will go again soon."

"And what part of the Service did you like best?

"Oh! the part where the man comes round with the money. I got a shilling. How much did you get, daddy?"

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## Latest New York Stock Exchange Quotations

Market—Easy Business Done 1,000,000 Shares

Dec. 21, 1932

| 1931-2 High | 1931-2 Low | Div.$ per Sh. | STOCKS | Mon Dec. 19 | Tues Dec. 20 |
|---|---|---|---|---|---|
| 9½ | 1⅝ | — | Adams Express | 4½ | 5⅛ |
| 88¼ | 42½ | *6.00 | Allied Chemical & Dye | 80½ | 79 |
| 15⅝ | 4 | — | Allis Chalmers | 7½ | 7½ |
| 73⅞ | 29⅝ | *4.00 | American Can | 55 | 53½ |
| 15 | 2 | — | American & Foreign Power | 6⅞ | 6½ |
| 10 | 1⅛ | — | American & Foreign Power Warr. | 5 | 4⅝ |
| 27¼ | 5½ | — | American Smelting | 12¼ | 12 |
| 137⅝ | 70¼ | 9.00 | American Telephone & Telegraph | 108 | 104 |
| 89¾ | 44 | *5.00 | American Tobacco "B" | 61⅝ | 58⅞ |
| 24½ | 11 | 2.00 | American Waterworks | 17 | Unq. |
| 19⅜ | 3 | — | Anaconda Copper | 6⅝ | 6½ |
| 151¾ | 28¾ | *4.00 | Auburn Automobiles | 51¾ | 50½ |
| 21⅝ | 3¾ | — | Baltimore & Ohio | 9½ | 8¾ |
| 29⅝ | 7¼ | — | Bethlehem Steel | 14⅝ | 13¼ |
| 43⅛ | 20 | *2.00 | Borden Company | 25½ | 25⅛ |
| 14¼ | 3⅝ | — | Borg Warner | 8⅞ | 9 |
| 20⅝ | 7¼ | — | Canadian Pacific Railway | 13⅞ | 13⅝ |
| 65⅝ | 16¾ | — | Case, J. I. | 41⅞ | 41½ |
| 47⅞ | 19 | 2.00 | Chase Bank | 35 | 35 |
| 20¾ | 4⅞ | 2.00 | Chesapeake Corp. | 15 | Unq. |
| 21⅝ | 5 | 1.00 | Chrysler | 16⅝ | 16⅝ |
| 6⅞ | 1¼ | — | Cities Service Company | 2¾ | — |
| 21 | 4¼ | 1.00 | Columbia Gas & Electric | 16¼ | 15⅝ |
| 5⅝ | 1⅝ | .30 | Commonwealth & Southern | 2¼ | 2¼ |
| 1 | 1/16 | — | " Warr. | 5-16 | ¼ |
| 68¾ | 31½ | 4.00 | Consolidated Gas of N. Y. | 59½ | 58⅛ |
| 9⅜ | 3⅝ | — | Continental Oil | 5⅝ | 5⅛ |
| 58⅜ | 24¾ | *3.00 | Corn Products | 53¼ | 51¾ |
| 7⅝ | 1½ | — | Coty Inc. | 3½ | 3½ |
| 8¼ | ⅞ | — | Curtiss Wright Company | 1⅝ | 1⅝ |
| 18⅝ | 5 | .75 | Douglas Aircraft | 10½ | 9⅝ |
| 57 | 23 | 4.00 | Drug Incorporated | 34 | 33⅜ |
| 59¾ | 22 | 2.00 | Du Pont de Nemours | 37⅜ | 36¾ |
| 87⅞ | 35¼ | 3.00 | Eastman Kodak | 55⅝ | 54⅜ |
| 45 | 5 | 6%S | Electric Bond & Share | 19 | 18¼ |
| 16 | 2¾ | — | Electric Power & Light | 6¼ | 6⅛ |
| 5⅝ | 1 | — | Fox Film "A" | 2 | 1⅞ |
| 26⅛ | 8½ | .40 | General Electric | 15⅝ | 15½ |
| 40½ | 19⅝ | 2.00 | General Foods | 24½ | 24½ |
| 24⅝ | 7⅝ | 1.00 | General Motors | 13¾ | 13⅝ |
| 28⅝ | 6⅛ | 1.00 | General Railway Signal | Unq. | 13¼ |
| 24¼ | 10⅜ | 1.60 | Gillette Safety Razor | 19¾ | 19⅜ |
| 20⅝ | 8¼ | 1.60 | Gold Dust | 14¾ | 14⅜ |
| 29⅝ | 5½ | — | Goodyear Tire & Rubber | 15½ | 15⅛ |
| 18⅜ | 3⅝ | — | International Cement | 8 | 7½ |
| 1⅞ | ½ | — | International Com. Engine. | ½ | Unq. |
| 34⅛ | 10⅝ | 1.20 | International Harvester | 22⅛ | 21½ |
| 12¼ | 3½ | — | International Nickel | 7⅛ | 7¾ |
| 15¾ | 2⅝ | — | International Telephone & Telegraph | 7¼ | 6⅞ |
| 33⅝ | 10 | — | Johns Manville | 21⅝ | 20¾ |
| 19¼ | 4⅞ | — | Kennecott | 8½ | 8¼ |
| 9¼ | 1/32 | — | Kreuger & Toll | ⅛ | ⅛ |
| 67¼ | 32½ | *4.00 | Liggett & Myers, "B" | 57½ | 55 |
| 27¾ | 13¼ | *3.00 | Loew's: Inc. | 20¼ | 18⅝ |
| 18⅝ | 9 | 1.20 | Lorillard P. Co. (Com.) | 13⅝ | 13⅝ |
| 11⅝ | 1½ | — | Ludlum Steel | Mutl. | Unq. |
| 16½ | 8½ | — | Montgomery Ward | 13½ | 13⅜ |
| 64½ | 23¾ | 2.00 | National City Bank (bid price) | 43¼ | 42⅝ |
| 10¼ | 2½ | — | Nevada Copper | 4⅜ | 4¼ |
| 36⅝ | 8¾ | — | New York Central | 20⅞ | 19½ |
| 43¼ | 13¾ | 10% | North American Company | 29½ | 28¾ |
| 37 | 16⅞ | 2.00 | Pacific Gas & Electric | 29⅞ | 29¾ |
| 5¼ | 1½ | — | Packard Motors | 2½ | Unq. |
| 11½ | 1½ | — | Paramount—Publix | 2 | 2 |
| 23⅜ | 6½ | — | Pennsylvania Railroad | 14¾ | 14⅜ |
| 4⅜ | 1 | — | Pennroad Corporation | 1¼ | 1¼ |
| 8⅝ | 2 | — | Phillips Petroleum | 5 | 4⅝ |
| 60 | 28 | 3.20 | Public Service of N. Jersey | Unq. | 51¼ |
| 12½ | 2½ | — | Radio Corporation | 5⅛ | 5 |
| 7⅜ | 1½ | — | Radio-Keith Orpheum | 3 | 2⅞ |
| 40¼ | 26½ | 3.00 | Reynolds Tobacco "B" | 30⅛ | 29½ |
| 37⅜ | 9⅞ | — | Sears Roebuck | 20¼ | 19⅜ |
| 8⅝ | 2½ | — | Shell Union | 5⅜ | 5⅛ |
| 13⅝ | 3 | — | Simmons Company | 7⅛ | 7⅛ |
| 12¼ | 5¼ | .80 | Socony-Vacuum Corp. | 7⅝ | 7⅝ |
| 28⅜ | 15¾ | 2.00 | Southern California Edison | 25⅞ | 26 |
| 34¼ | 7⅝ | 2.00 | Standard Gas & Electric | 14 | 13¼ |
| 37⅝ | 19⅞ | *1.00 | Standard Oil of N. Jersey | 29¼ | 29⅜ |
| 18¼ | 9¼ | 1.00 | Texas Corporation | 13⅜ | 13¼ |
| 26⅝ | 12 | 2.00 | Texas Gulf Sulphur | 22½ | 21⅞ |
| 7⅛ | 2½ | — | Trans America | 5 | 4⅞ |
| 36⅜ | 15½ | 1.20 | Union Carbide & Carbon | 25½ | 24⅞ |
| 94½ | 27⅝ | 6.00 | Union Pacific Railway | 71⅛ | 69⅝ |
| 34⅝ | 6½ | — | United Aircraft & Trans. | 26 | 23½ |
| 14 | 3½ | .40 | United Corporation | 9¼ | 9 |
| 22 | 9¼ | 1.20 | United Gas Improvement | 19⅞ | 19⅝ |
| 10¼ | 1¼ | — | U. S. Rubber | 4⅛ | 4⅛ |
| 52⅝ | 21¼ | — | U. S. Steel | 28⅞ | 27¼ |
| 23¾ | 5¼ | — | Vanadium | 12 | 11⅝ |
| 4½ | ½ | — | Warner Bros. Pictures | 1⅝ | 1⅜ |
| 43½ | 15⅞ | — | Westinghouse E. & M. | 27¾ | 27⅞ |
| 45⅝ | 22 | 2.40 | Woolworth | 36 | 35⅞ |

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## Gen. Chiang Urges China to Set House in Order

"We must first set our own house in order before we can successfully resist outside aggressions." This is the theme of an outspoken address made by General Chiang Kai-shek, President of the Military Affairs Commission, at the 5th general meeting of the Second National Civil Affairs Conference held at Nanking Dec. 14 under the chairmanship of General Huang Shao-hsiung, Minister of Interior.

He declared that for the past few years, China had been harassed by Communist banditry within and foreign aggression from without. In consequence, the foundation of the nation had been shaken.

Few realize, however, that corruption and inefficiency in China's domestic administration constituted one of the principal causes of these domestic and foreign troubles, he emphasized.

"Unless we exert ourselves to improve our domestic administration," General Chiang declared, "we would be inviting more foreign aggressions and thereby hastening our extinction as a sovereign State."

In this connection, he appealed to the entire nation to exert themselves for the building up of a sound and efficient civil administration; the realization of which, he pointed out, would not only enable China to overcome foreign aggressions, but would also usher in a new era for China.

General Chiang expressed the conviction that though China might be inferior in the matter of armaments, she could successfully withstand any outside aggressions, if she had a sound and efficient civil administration.

He urged all the provincial and municipal authorities, which were represented at the conference, to devote their efforts to this worthy task. He predicted that if sustained efforts be made for five successive years, a new and re-vitalized China will be built up. He pointed out that all such apparently unimportant matters as police, land tenure, registration of households, communications, etc., if successfully attended to, would prove more effective than any other means in building up a strong and united China.

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## The National City Co. Gold Bond Quotations Received From Head Office

Dec. 15, 1932,

| SECURITY | RATE & | DATE DUE | Price | Approx Yield% |
|---|---|---|---|---|
| The National City Bank of New York | | Stock | 45 | — |
| Argentine Government | 6 % | May 1, 1960 | 46 | — |
| U. S. of Brazil | 6½% | Oct. 15, 1957 | 15½ | — |
| Republic of Finland | 6½% | Sep. 1, 1956 | 60 | — |
| German Central Bank for Agriculture | 6 % | Oct. 15, 1960 | 49½ | — |
| Kingdom of Italy | 7 % | Dec. 1, 1951 | 98½ | 7.15 |
| State of Minas Gernes Serie "A" | 6½% | Sep. 1, 1959 | 14½ | — |
| State of Sao Paulo (Brazil) | 7 % | Oct. 1, 1940 | 53½ | — |
| American I. G. Chemical Corporation | 5½% | May 1, 1949 | 73 | 8.59 |
| Chine Westphalia Electric Power Corp. | 6 % | Apr. 1, 1955 | 51½ | 12.50 |

NOTE: The above quotations are received by cable, and whilst believed to be correct, are not guaranteed.

## The National City Bank of New York, Rates of Exchange

Shanghai Dec. 21, 1932.

| | |
|---|---|
| Demand selling rate on America: | U.S. $1.00=Sh. $5.0727 |
| Demand buying rate on America: | U.S. $1.00=Sh. $4.9658 |
| Demand selling rate on London: | £1.0.0=Sh. $16.907 |
| Demand buying rate on London: | £1.0.0=Sh. $16.553 |

## American Explorers Suffer Badly in Szechuen Mountain Climbing

Brief mention was maded in *The Review* Dec. 10 of the exploits of the Chinese-American exploration party in Szechuen. Two letters written Nov. 1, and Nov. 5, from Tatsienlu received recently in Shanghai stated that Arthur B. Emmons from Boston had finally returned to Tatsienlu with his feet so badly frozen that amputation would possibly be necessary, the loss of several toes being a certainty, Richard Birdsall of Port Chester, N. Y. had become seriously ill and the indications were he would lose five fingers which were frozen. The party was then staying at the home of a British missionary, named Robert Cunningham. The letter from Tatsienlu stated that telegrams had been sent to Dr. Rudolph Crook, a member of the American Baptist Mission at Yachow, Szechuen province asking him hurry to Tatsienlu in order to attend the sick explorers, but the distance between Yachow, and Tatsienlu,—which is nearly 200 miles—made a trip almost impossible, owing to the intervening mountains. The letters from Tatsienlu were written by Jack Young, the Chinese member of the exploration party, and were carried by runner from Tatsienlu to Chengtu, thence by motor car to Chungking, from where they were sent to Shanghai by airplane. Mr. Young in his letter stated: "We have climbed Mount Konka, the Chinese name of which is Gon Gada and planted the Chinese and American flags on the highest pinnacle ever scaled by Americans anywhere. The peak is more than 25,000 feet high. We have paid a terrible price in suffering. Emmons' feet were so badly frozen, that it was necessary for him to crawl for a considerable distance after dismounting from his horse in order to reach the door of Cunningham's house."

The letter stated that the party was able to scale Mount Konka through gradual ascent, establishing camps at each point, the last one being at a height of 21,000 feet—whence the final dash to the top was accomplished.

The party experienced no trouble with the natives who generally respected the passports issued by the Nanking Government.

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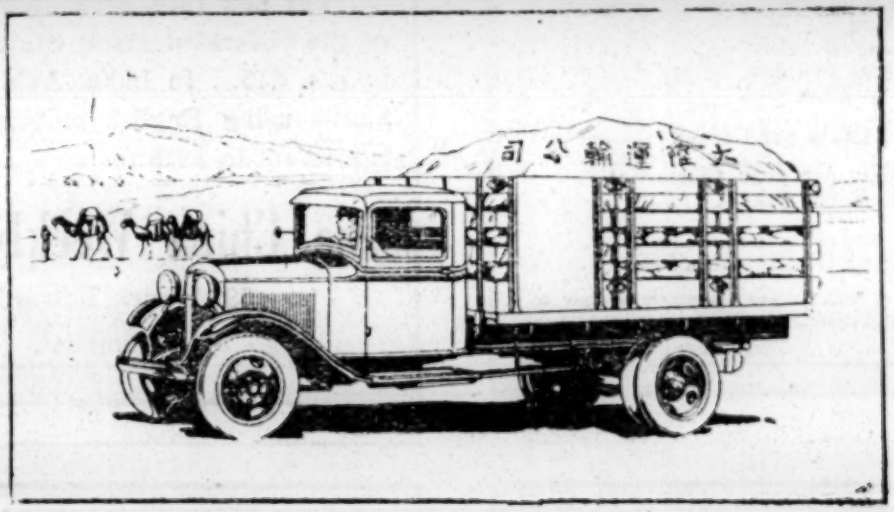


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